

FY 2025 BUDGET



September 9, 2025



City of Center

Fiscal Year 2025-2025

Budget Cover Page

September 9, 2025

This budget will raise more revenue from property taxes than last year's budget by an amount of \$82,320, which is a 3.97 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$17,025.

The members of the governing body voted on the budget as follows:

FOR:

David Chadwick, Mayor
Leigh Porterfield, Mayor Pro Tem
Randy Collard, Dist. 4

Joyce Johnson, Dist. 1
Marlene Hernandez, Dist. 2
Howell Howard, Dist. 3

AGAINST:

PRESENT and not voting:

ABSENT: Terry Scull, At Large

Property Tax Rate Comparison

	2024-2025	2023-2024
Property Tax Rate:	\$0.607620	\$0.589100
No New Revenue Tax Rate:	\$0.580183	\$0.556364
No New Revenue M&O Tax Rate	\$0.367402	\$0.367284
Voter Approval Rate:	\$0.606447	\$0.588755
Voter Approval Rate w/unused increment:	\$0.607622	\$0.589103
Debt Rate:	\$0.216010	\$0.213695

Total debt obligation for City of Center secured by property taxes:

Total Outstanding Principal: \$6,995,000 FY 2025 (P&I): \$767,440

To comply with Section 140.0045 of the Texas Local Government Code expense line items for mandatory publications/notices and lobbying expenses are provided below:

Description	Adopted FY 2024	Proposed FY 2025
Public Notices required by law	\$6,750	\$4,750
Lobbying Services	\$0	\$0



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Center
Texas**

For the Fiscal Year Beginning

October 01, 2023

Christopher P. Morrell

Executive Director



**FY 2025 BUDGET
CITY OF CENTER, TEXAS
PRINCIPAL OFFICIALS**

MAYOR

David Chadwick

CITY COUNCIL

Leigh Porterfield – Mayor Pro-Tem

Terry Scull – At Large

Joyce Johnson – District 1

Marlene Hernandez – District 2

Howell Howard – District 3

Dr. Randy Collard – District 4

CITY MANAGER

Chad D. Nehring

CITY SECRETARY

Esther Elizondo

CITY ATTORNEY

Seth Elmore



ACKNOWLEDGEMENTS

Special thanks to all the Boards and City employees who contributed to this budget.

CENTER ECONOMIC DEVELOPMENT CORPORATION

John Snider, Corporation Board President

CENTER ECONOMIC DEVELOPMENT FOR STREET IMPROVEMENTS CORPORATION

Buster Bounds, Corporation Board President

HOTEL/MOTEL ADVISORY BOARD

Fred Wulf, Board Chairman

PLANNING AND ZONING COMMISSION

Stephen Shires, Board Chairman

FINANCE ADMINISTRATOR

Amanda Willey

POLICE CHIEF

Jim Albers

FIRE CHIEF

Keith Byndom

PUBLIC WORKS DIRECTOR

Marcus Cameron

PARKS & RECREATION DIRECTOR

Jason Mitchell

JOHN D. WINDHAM CIVIC CENTER DIRECTOR

Tommy Hughes

PURCHASING MANAGER

Michael Boyd

BUILDING OFFICIAL/CODE OFFICER

Joseph Mitchell

HUMAN RESOURCES MANAGER

Paola Hernandez

WASTEWATER PLANT SUPERINTENDENT

Larry Weaver



FY 2025 BUDGET

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September 9, 2024

The following is the City of Center financial plan and budget for Fiscal Year 2025. We expect this document will provide significant information in an understandable format that is easy to read. City staff, corporation officers, and advisory board volunteers have worked hard to generate this presentation of our budget. The Council and I express our gratitude to those that have participated in this process.

A budget serves many purposes. It is a statement of priorities; each year the Council weighs different needs and requests from our community. This budget expresses services the people of Center can expect to receive with use of their tax dollars. The budget is a strategic planning tool; offering a roadmap for achieving our goals and prioritizing the use of our limited resources. The budget is a control tool; providing the legal authority for our staff to ensure continuity of operations. Finally, the budget is a management tool; demonstrating the methods of service delivery and monitoring service value and efficiency.

Center is a Home Rule city that provides a full range of municipal services to its citizens. As such, Center is very progressive in using tax-payer funds to make long term investments into the community in areas such as public safety, parks, community facilities, and critical infrastructure.

Planning the future of our City is not a spectator sport; I would encourage everyone to attend a City Council meeting or consider volunteering for service on a board or committee.

I do hope that you enjoy the budget format and information provided. If you have any questions, you may contact the City Manager, Chad Nehring, at 936/598-2941.

Sincerely,

David Chadwick
Mayor, City of Center



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Date: August 9, 2024

To: Mayor, City Council Members and Residents of Center

From: Chad D. Nehring, City Manager

Subject: FY 2025 Budget Transmittal

On behalf of the City of Center staff, I am pleased to submit the Fiscal Year 2024-2025 Budget. This budget book is intended to provide a significant level of detail of the City's financial plan in a transparent manner and accomplish the four recognized purposes of a budget.

- Financial Document – provide thorough financial information about the composition, historic performance and current assumptions about revenues and expenditures to clearly demonstrate the actions as fiscal steward of entrusted resources.
- Planning Document - describe the methods in which the City will achieve its goals through ongoing operational service, special programs and capital projects.
- Policy Document - define guidance to the management of the City, whether explicit such as Purchasing, Investment, Debt and Fund Balance Policies, or a description of options that guide activities through financial control.
- Communication Tool - summarize information in an understandable format for public consumption and explanation of choices and alternatives made by the City.

Current Economy, Inflation & Budgetary Challenges

The economic trends locally are reflective of national trends over the last several years and continue to be a factor affecting budget development. The City has made a number of alterations to operations impacting the budget as a result of the lingering economic effects over the prior three years. Changes to local employment, workforce issues, materials availability and cost of equipment continue to experience adapting dynamics that must be addressed in the budgetary process.

- Continued increases to Employee health benefit premiums resulting in modification of plan and policy coverage during last budget resulted in a 15% renewal increase.
- Workforce increase in transitioning employment and wage demands for quality employees. Overall, increases in costs have been noted with training due to turnover/vacancies, creation of entry/retention programs, and competitive wages to moderate inflationary impacts including a 3% COLA.
- Sales tax revenue is projected to remain stable in FY 2025 from current year receipts, primarily related to continued inflationary price increases and decreased purchasing power/percent income on taxable goods.
- Capitalize on potential state/federal grant fund availability, specifically US-EDA/TWDB funding options for water plant reconstruction, TP&W application for additional park enhancement, TDA-Resilient Communities Program for Planning/Floodplain study and IIJA/BIL funding dedicated to Airport improvements.
- Property tax calculations include estimated loss of value from several industrial appraisals, utility fees are increased to accommodate major capital investment in the Aiken Water Treatment Plant reconstruction project and EDC budget includes anticipated incentive package to redevelop Portacool site facilities and reestablish operations.



Property Tax

The existing tax base contracted in FY 2021 where economic conditions warranted property reappraisals but subsequent market sales along with the State Comptrollers' local Property Value Study (PVS) deficiency has generated significant growth in residential appraisals over this same period. While that impacts the No New Revenue Rate for the FY 2025 budget, reduced new construction value (\$1,523,076) on the tax roll provides minor increased revenue beyond the voter-approval rate. The City is required to calculate the No-New-Revenue tax rate and the Voter Approval Rate from a formula designed to generate a levy 3.5% greater than that of the No-New-Revenue rate, adjusting for changes in Debt levels, sales tax growth and several other factors. An election is mandatory if the City wishes to adopt a rate greater than the Voter Approval Rate, however, SB 2 created a De Minimis Rate, which allows the City to levy up to an additional \$500,000 without triggering an election. The City is eligible to use the De Minimis Rate because Center has a population less than 30,000. Additionally, Center can utilize up to three years of accrued increment, defined as the cumulative loss of revenue using the adopted rate instead of the Voter Approval Rate for each year.

No New Revenue (NNR) tax rate	\$0.580183
Voter approval (VAR) tax rate	\$0.606447
Voter approval tax rate w/increments	\$0.607622
De minimis rate	\$0.721331

Because of the overall economic environment, a rate of \$0.607620, below the eligible voter-approval rate with increments, is used this year. This rate will generate an estimated \$82,320 of additional tax revenue for general fund operations and retirement of eligible, long-term debt obligations.

Utility Rates

The Council was presented alterations to the Utility rate structure with adjustments to all customer classes of 7.5% after intentionally maintaining rates with minimal increase to residential customers over the last three years. Commercial development has necessitated new and expanded sewer lines while Industrial customers require discharge monitoring to prevent treatment issues or permit exceedances and total water demand combined with drought conditions in 2022 exposed the need to expediate plans for water treatment efficiency and increases water supply for production. This year's rate adjustments specifically ensure the ability for payment on debt used for the replacement of the Aiken Water Treatment Plant. Garbage rates were presented to increase monthly service charges for residential (3%) and commercial/industrial (3%) to accommodate a portion of the CPI-guaranteed increase for the commercial waste hauler contract of 5.0% this year. Average residential customer will increase just under \$5 per month.

Strategic Development and Service Enhancement

There are a number of initiatives the City is planning for FY 2025, while completing the capital projects underway from the 2019 bond issue and subsequent grant projects awards.

Capital Project Completion

FY 2024 saw completion of several planned capital projects. Other than the 2024 Street Renovation project, most were unnoticed by the general public. Many involved replacements and retrofit of pumps at various lift stations, equipment upgrades at the Wastewater Treatment Plant and upgrades at various parks, particularly the Spray ground and installation of Rotary Club donation of all-access equipment.



Quality of Life Projects

FY 2024 saw a major emphasis on completion of the broadband access and service public-private partnership agreement between the Center EDC, City and ETEX to provide installation of fiber to provide high speed broadband to all industrial/commercial areas with the additional benefit of being available to many residential areas. The current project schedule has phase 1 installation almost entirely completed with ETEX already providing service to many customers.

Community Beautification/Service Enhancement

The Council has expressed a desire to continue expansion of beautification programs/projects. These remain undefined as to a policy or regulatory approach, but some specific projects to meet this goal focus on highway entryways, downtown enhancement/maintenance, and general cleanliness. This year's budget includes funds for undesignated Council priority projects in the amount of \$35,000 and prioritizes uncompleted projects within the CIP: library and city hall roofs.

Comprehensive Employee Benefit Assessment

Priorities include resources toward attracting and retaining quality, qualified employees. This year's budget addresses that goal through continuation of the evaluation-based merit pay adjustments and inclusion of a COLA of 3%.

Economic Development

The Center Economic Development Corporation continues to be aggressive in assisting all aspects to enhance the City's ability to attract outside investment and capitalize on local business entrepreneurship. The damages of facilities at the Portacool plant and subsequent layoffs are the highest priority with the goal of assisting the company through transitional operations, interim manufacturing rejuvenation and reconstruction of facilities to allow for resumption of prior production capability and employment levels. The INNOVA grant program continues to be marketed to small businesses and the broadband initiative will be monitored through completion of construction, initiation of services and future expansion opportunities.

Internal Service Funds – Planning and Allocation of Expenses

This budget continues funding fleet replacement through the Vehicle/Equipment Replacement Fund. This year the VeRF includes all vehicles and mobile equipment excepting only major Fire Department apparatus. The VeRF has been refined to include annual lease and insurance costs for every unit allocated to each department. With dramatic increases in costs of vehicles over the last two years, staff has modified the schedule and estimates for future replacements to minimize immediate operational allocations but also to maintain fund balance to cash flow these acquisitions for a six-year planning period. The Technology Fund has this year been similarly expanded to include all technology equipment and software replacements.

Utility Projects

This budget includes significant funding toward the Capital Improvement Plan for construction of the Aiken water plant renovation to ensure treatment capacity and continues the planning/permitting phase for the Water Reuse Project that will increase daily production capacity. Both projects are the result of the selected approach from the recent water production alternatives study and both remain under approved engineering contracts for creation of design/construction documents and development of permitting review.



Public Safety

This budget includes the continuation of the Police and Fire Department cadet training program that was effective in decreasing the vacancy rates in both departments over the last year. This budget also includes upgrade of a part-time dispatch position to full time and additional compensation pay grade for dispatchers to match market conditions.

Long Range Financial Perspective

The City begins the FY 2025 Budget in a healthy financial position that has been maintained for the last several years. Revenues are projected to increase slightly, allowing expenditure growth where directed and necessary to maintain desired service levels, plan sustainable equipment and facilities as well as allow for dedication of resources toward Council priorities. The City's fund balance is at a sustainable level that will provide security through emergency situations, insulate the tax rate volatility from major economic situations and serves as the primary metric to secure the City's reaffirmed, A2 bond rating. City staff will remain vigilant in monitoring sales tax data due to the City's heavy reliance on that revenue stream and its' potential volatility. This provides additional reliability of financial projections for operations and anticipated resources for necessary capital reinvestments as capital projects require bond capacity.

Summary

Development of the FY 2025 Budget was one of the more difficult over the last decade and presented a number of challenges. This year was more complex due to the relative stagnation of revenue relative to last year. Continuing inflation, changing workforce dynamics, federal policy changes, state legislative mandates and other external stimuli inject an undesirable degree of variability into financial forecasts. New laws, particularly valuation caps and economic fluctuation will consistently place pressure on the City's ability to generate funds for service enhancements and capital projects.

Positive momentum continues with the completion of capital projects by the City and Center ISD, enthusiasm from the rejuvenated downtown streetscape, sustained growth of commercial investment, and potential for industrial redevelopment and expansion.

This Budget exemplifies a City striving to enhance its physical infrastructure, service delivery and desire for improved quality of place in hopes of attracting additional investment and improving community spirit. Center is a great place to live, work, visit, and do business because of a cooperative spirit that builds towards the future while providing quality and affordable community services. Center is fortunate to have community leaders, volunteers, and employees dedicated to pursuing these goals.



FY 2025 BUDGET OVERVIEW & EXECUTIVE SUMMARY

This section provides a general overview and summary of the City of Center's budget. It will show how the City is addressing the City Council's goals and objectives, the general budget issues, as well as provide a summary of the City's annual funding plan for operations and special projects.

The Council's goals for the FY 2025 Budget are:

- Stabilization of property tax rate and corresponding revenue relative to sales tax income;
- Prioritize response and recognition of value and loss related to Portacool;
- Capitalize on recent community enhancement projects and plan for future needs;
- Maintain personnel pay and benefits to attract and retain qualified, quality employees;
- Thoroughly analyze City operations and seek ways to continue improvement;
- Prioritize operational attention to provide exceptional maintenance of community assets, and;
- Optimization and planning of utility system future demand and production capacity.

More information on the City's Strategic Plan can be found on [Pg. 31](#).

There are a number of functional areas that require some explanation to understand how progress will be made toward these goals.

Sales Tax

Understanding the City's sales tax revenue stream is the starting point for comprehending the overall budget. Sales taxes represent approximately 43% of the City's general fund revenue – One cent, or 50% of the total two cent local option, goes directly to the City for maintenance and operations. Another ¼ cent, or 12.5% of the total, reverts to the City for Property Tax Relief. The other ¼ cent funds the Type A Center Economic Development Corporation, and the remaining ½ cent is available to the Type B Center Street Improvements for Economic Development Corporation.

After six years of consistent growth, current year sales taxes are projected to decline from last year's levels, linked strongly to the inflation impacting taxable commodities. While not completely unexpected, current year reductions are estimated at 2.3% lower, and indicates personal spending priorities are changing. In FY 2025, the City is anticipating sales taxes to rebound slightly and return to FY23 levels. For more detailed information on Sales Taxes, visit [Pg. 62](#).

Relationship of Sales Taxes and Property Taxes

The City Council acknowledged the precarious fiscal condition created on prior occasions that sales tax revenue behaved erratically. Rapid growth from mid-2010 through mid-2012 followed by dramatic reductions in sales tax revenue from mid-2012 until late 2014. During that period, the budget relied on sales tax growth for operations effectively utilizing it to reduce demand for revenue from property taxes. Subsequently, the Council made the resulting policy decision to transition operational reliance to more conservative ratios

While sales tax revenue is high and growing, there is less pressure to consider increasing property tax revenues. The historical patterns indicate the City has routinely prioritized sales tax revenue growth toward reductions in the property tax rate. Property tax is one of the few areas that the City can maintain revenue entirely through its own decisions. When sales tax declines, the City must look for other ways to overcome revenue gaps placing pressure on increasing the property tax rate or eliminating costs and related services.



The City must include the Sales Tax for Property Tax Relief when calculating the No-New-Revenue tax rate. If total property values decrease and provide less relief, then the No-New-Revenue rate must increase to generate the same amount of revenue from the levy of taxes as occurred during this budget cycle.

For more on the relationship between Sales and Property Tax, refer to [Pg 68](#).

Property Tax

Slightly over 24% of the City's General Fund comes from property tax levy. There are numerous factors considered when developing the property tax budget. Property tax is critical for operations where other revenue sources are not operationally generated or appropriate. For information on allocation of property tax revenue to specific operations and services visit [Pg 67](#).

Tax Base

The City's property tax base was projected to grow by 3% each year in the City's financial forecast. For a third year, this budget year presents a larger contrast in current and new value than projected. The adjusted taxable value for 2024 experienced an increase of only 2.2%, over current supplemental 2023 tax rolls, which calculates a higher tax rate to generate the same amount of revenue from the levy. Most of the value increase can be explained in market sales and pressure from State on the school district PVS. New value added from new construction added \$1,523,076 of value to the rolls. For information on the Property Tax base, visit [Pg. 64](#).

Component Portions of Tax Rate

The Maintenance and Operation (M&O) rate was able to increase with reduction in debt needs and reduced dependance on other funding sources for principal and interest payments. This reduction in the Interest & Sinking (I&S) rate along with savings from debt refinancing in 2021, was used toward the M&O rate to reduce the necessity of raising the total tax rate.

Overall Growth

The City's FY 2025 revenues project increase of 2.4% compared to the FY 2024 estimate. This growth continues to trail inflation measures relative to Consumer Price Index (CPI). The City's budget has increased over the long term as service costs rise and programs are expanded. One of the issues identified in the City's financial forecast is that expenses typically rise at a faster rate than revenues. Explanations for this include: personnel costs, direct correlation to payroll taxes and pension contributions; health insurance costs 10% average annual increase; enhanced service levels and programs to meet expectations; and, the creation of internal service funds to plan for replacement equipment and maintain service standards.

The Council has made decisions to enhance service levels and maintenance, specifically in Parks, Recreation and Police. Since 2013, three positions have been reinstated in Police with a fourth position added in this budget and additional positions have been funded in Parks and Recreation department as well as Facilities Maintenance. The City has also added new park facilities and downtown enhancements, budgeted for asset maintenance at significantly higher standards and increased departmental expenses for vehicle/equipment replacement and technology through the internal service funds.



Internal Service Funds

The Council consensus has consistently been that its primary goal is financial sustainability of quality facilities and services. The use of internal service funds has been one method of planning with this goal in mind since FY 2016. These funds allow the City to self-finance capital purchases through dedicated annual funding. This allows the City to make lower payments and regulate budget volatility compared to experiencing unique purchases that can substantially impact a department's expenses during a single year. Properly managing and adequately funding the city's two internal service funds results in slightly larger operational budgets but reduces fluctuations and department budget volatility. The table below illustrates the use of these internal service funds to stabilize annual contributions from departmental operations while preparing for intermittent asset acquisition/replacement. Further detail on each fund is located on [pgs 131-133](#).

	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Budget
Technology Fund										
- Revenue		\$ 52,004	\$ 145,405	\$ 182,722	\$ 217,437	\$ 216,058	\$ 218,421	\$ 251,428	\$ 326,100	\$ 272,732
- Expenses		\$ 3,822	\$ 113,211	\$ 158,992	\$ 137,829	\$ 159,734	\$ 144,641	\$ 224,192	\$ 327,305	\$ 301,324
- Fund Balance		\$ 48,182	\$ 80,376	\$ 104,106	\$ 198,818	\$ 255,142	\$ 328,922	\$ 299,834	\$ 298,629	\$ 270,037
Vehicle Replacement Fund										
- Revenue	\$ 305,046	\$ 96,017	\$ 138,881	\$ 200,693	\$ 201,706	\$ 171,143	\$ 644,561	\$ 460,159	\$ 584,373	\$ 482,660
- Expenses	\$ -	\$ 185,468	\$ 208,948	\$ 216,579	\$ 253,700	\$ 117,157	\$ 241,175	\$ 245,332	\$ 451,630	\$ 607,410
- Fund Balance	\$ 305,046	\$ 215,594	\$ 145,528	\$ 138,764	\$ 86,769	\$ 140,756	\$ 319,142	\$ 457,133	\$ 503,847	\$ 290,116

Council Priorities

Lastly, the Council has made investments in projects to enhance the local quality of place (physical enhancements) at levels requiring financing through debt mechanisms. The result is well over three quarters of the I&S rate can be attributed to these enhancement projects. The remaining portion is attributable to fire department apparatus, major maintenance of depreciated assets and bond issuance costs. For more detail in the City's Debt Fund section, on [Pg. 107](#).

The overall conclusion is that City Council decisions for infrastructure construction and enhancement have a direct fiscal impact that relies on annual property tax revenue for maintenance of those improvements and provision of services.

Personnel

Employees represent the City budget's largest cost category which has been significantly impacted by recent national economic issues and policy. The economic challenges created by inflationary costs, reduced workforce participation and low unemployment have created a scenario of unprecedented competition for employees. Lower wage earners are particularly impacted by rapid inflation. Finally, continuing health insurance premium increases of 20% this year. The FY 2025 Budget contains several actions to ensure competitive wages to retain experienced employees and compete for workforce talent in the market including:

- 1) Cost of living adjustment (COLA) of 3% for the entire wage scale - July CPI of 3.2%; and,
- 2) Dispatcher positions are scheduled for increase of two (2) pay grade based on updated wage/salary competitiveness evaluation at annual review; and,
- 3) Resources are programmed to maintain the evaluation and merit pay system instituted in FY22.



Finally, staff changes recommended to respond to increased activities recommend the upgrade of one (1) part-time to full-time position, Police - dispatch. To accommodate seasonal workforce needs, two full-time positions have been reduced to 3/4 part-time and one existing part-time position has been adjusted. Also, within the Utility Fund, anticipated operation of water plants have reduced one (1) full-time plant operator position. Total employee census is unchanged at 83.75 Full Time Equivalent funded positions.

Structural Balance

An analysis of the General Fund's structural balance was begun FY 2021. This is an exercise of separating recurring and non-recurring revenues and expenditures to identify how these coincide. The goal is for recurring revenues to sufficiently accommodate recurring expenses. The City's fiscal state remains structurally balanced, further ensuring financial sustainability. For more information visit [Pg. 105](#).

Fiscal Health

The City's audit presents different data points – however, these are rarely directly integrated in the context of budget and financial planning. These include the City's net position, total assets, cash to current liabilities, fund balance and debt levels. A brief discussion follows that describes trends and recommendations for future decisions. See Fiscal Health Section on [Pg. 44](#).

Capital

- All initial phases of Downtown Revitalization have been completed but discussion of additional minor enhancements and planning for phased geographic extensions.
- Currently evaluating additional funding options, through HOT Funds and Tx Parks & Wildlife Grant programs to continue addressing items in the Parks Master Plan.
- Funding is designated for City facility/public area roof replacement studies for City Hall and Library.
- Planning for Hotel/Tourism activities and expenditure is anticipated during this fiscal year.
- Utility capital funds are appropriated for engineering design and construction for the Aiken Water Treatment Plant renovation and engineering/permitting for the Water Reuse Project for expanded production capacity.

The City's goal for FY 2025 is to accomplish construction activities related to the Aiken Water Treatment plant while developing plans and priorities of potential major projects specifically projects eligible for use of Hotel/Motel or TIRZ funding. The Capital Improvements Program (CIP) section is on [Pg. 151](#).

Hotel Occupancy Taxes

The City collects a 7% Hotel Occupancy Tax (HOT) on each hotel night stay in Center. These funds have dedicated special uses as dictated by State Law. With the COVID pandemic and decreased regional energy industry activity, HOT revenue was expected to decline in FY 2021 and FY 2022. Fortunately, with annual baseball tournaments and modest energy sector activity, revenues outperformed budget expectations, which are projected to stabilize and remain relatively consistent for FY 2025.

The City historically utilizes the majority of these funds in three ways: debt service payments for the Windham Civic Center, Civic Center/Community House operations and tourism enhancements. A portion of funds is annually geared toward activities to bolster the local tourism industry, the City sponsors annual summer state baseball tournaments. It is anticipated that regular travel will continue to escalate.



Chamber event sponsorships and downtown amenities are also budgeted annually. With all related debt paid off in FY 2022, this fund has enhanced revenue for new and expanded projects, activities and events. For more information on HOT please visit [Pg. 135](#).

Economic Development, TIRZ & Local Government Corporation

Center collects a dedicated portion of sales tax revenue for its' two economic development corporations: The type A, Center Economic Development Corporation and the type B, Center Street Improvements for Economic Development Corporation.

The type A, EDC is planning to intensify the City's economic development program and establish several initiatives that seek to supplement the Council's goals of improving the local quality of life and place including completion of construction defined by the broadband business development agreement with ETEX and developing a comprehensive assistance program for Portacool to assist in reconstruction and reemployment activities. Summary and budget are on [pg. 154](#).

The Type B EDC will again engage in an annual street renovation program which makes significant contributions to the City's transportation infrastructure. This year greater focus may include protection of roadway facilities from deteriorated drainage structures. Street EDC summary and budget information are located on [pg. 155](#).

The Center Tax Increment and Reinvestment Zone (TIRZ #1) was created by the City and Shelby County in 2012 to finance the public infrastructure to support the expansion of the tourism, hospitality and retail businesses within the designated geographic boundaries surrounding the Civic Center. During this budget year the Board governing this fund will explore additional infrastructure projects to undertake or liquidate existing debt dissolving this entity. TIRZ history, TIF Fund summary begin at [pg. 156](#).

The Center Local Government Corporation (LGC) is governed by the City Council but was created in 2020 to facilitate housing development and the non-governmental ownership of land assets to fulfill that mission. Corporation information is on [pg. 158](#).



Budget Summary

The table below provides the total budgets for each of the City's funds and a complete picture of how much is required to operate the City exclusive of capital projects.

Fund	Revenues	Expenditures
General	6,616,620	6,616,620
Debt - I&S Fund	1,735,040	1,731,238
Special Funds		
Hotel Motel Fund	522,200	178,000
Recreation Fund	99,900	99,900
TIF Fund	70,760	28,225
Park Fund	9,250	-
Court Technology Fund	5,550	9,030
Building Security Fund	6,600	2,500
Seizure Fund	2,000	1,000
Jury Fund	100	-
Truancy Fund	5,900	-
Opioid Fund	900	-
Animal Welfare Trust	1,830	-
Cemetery Trust	5,210	-
Business Type Funds		
Utility Fund	5,064,950	5,064,950
Solid Waste Fund	2,149,750	2,100,680
Vehicle Replacement Fund	482,660	696,391
Technology Fund	272,732	301,324
OPERATIONAL TOTALS	17,051,952	16,829,857

Looking Forward

FY 2025 will be a year of planning and redevelopment based on the variety of external influences. The City will monitor the situation regarding inflationary trends, particularly as they may impact sales tax revenue and anticipate grant funding opportunities. FY 2025 will require focus of attention on the redevelopment of the economic development operational programs, specifically addressing Portacool, and planning the next phases of community enhancement. There are many reasons to remain optimistic about this period as we embrace what has been accomplished, develop organizational structure for the future and create the vision for the continued progress of the City of Center.



FY 2025 BUDGET BUDGET USER GUIDE

The Budget User Guide provides foundational knowledge for the reader to gain a deeper understanding of the City of Center's budget. This section is organized under the following topics:

Fund Structure and Basis of Budgeting. The City of Center operates multiple funds that perform dedicated functions and use varied methods of accounting. This section defines the different funds, their functions, and method of accounting. This information is also presented graphically.

Budget Format. Description of the City's budgetary information presentation.

Budget Formulation and Development Process. Creating the City's annual budget is a long process that involves many components. This section provides an overview of the process by which the budget is created and a calendar of the key budgetary milestones.

Budget Management. Upon budget adoption, the process must ensure the City stays within its' budget. This section describes operational detail on how the City manages its' finances.

Policy Compliance. The City Council has established parameters to ensure quality stewardship of the City's finances. This section provides a summary of compliance with these goals.

FUND STRUCTURE AND BASIS OF BUDGETING

Basis of Budgeting/Accounting

The City of Center annual budget is prepared consistent with Generally Accepted Accounting Principles (GAAP). Portions of the City's budget utilize different basis of accounting methods. A basis of accounting refers to the point in time where revenues and expenditures are recognized in the City's financial system and statements.

The modified accrual basis of accounting recognizes revenues when they become available and recognizes liabilities when they are incurred. The Governmental Funds use this basis of accounting.

The accrual basis of accounting recognizes events regardless of when the transaction occurs. The concept is to match incoming revenues to outgoing expenses when a transaction occurs rather than when cash is exchanged. The benefit of this approach is to provide a longer-term view of the financial position. The Proprietary Funds use this basis of accounting.

Some exceptions to the above basis are as follows:

- Capital outlay and expenditures are capitalized and recorded as assets on a GAAP basis (if the threshold is met) but expensed annually on a budgetary basis. The budgetary method provides a more accurate description of the actual capital outlays made and planned during the year.
- Any depreciation expense is not shown in the budget as any applicable capital outlays are expressed as expenses in the budget.
- The budgetary basis does not show the value of employee leave balances that are recorded as a liability on the City's Balance Sheet in the audit report.
- The budget includes debt principal payments as budgetary expenditures. However, in the City's audit report, debt principal payments are treated as a reduction from the associated liability.



Fund Structure

The City of Center uses multiple funds through which to accomplish its goals. Governmental Funds are used to account for the City's general service provision activities. Most City departments receive their funding from these Governmental funds. The City's Governmental Funds are comprised of:

- General Fund – This fund includes the major financial resources of the City except those required to be accounted for in another fund. Major funding sources include sales tax, property taxes, franchise fees, and designated use of resources from other funds.
- Special Revenue Funds – These funds are budgeted to account for revenue and expenses from dedicated funding sources. The City operates the Park Fund, the Recreation Fund, the Economic Development Corporation Funds, Local Government Corporation, Hotel Occupancy Tax and Permanent (Trust) Funds, and the Law Enforcement Special Funds.
- Debt Fund – The Debt Service Fund is budgeted to ensure the repayment of principal and interest expenses relating to the City's various debt instruments.
- Capital Improvement Fund – The City is prohibited from comingling special grant funds and operates a separate fund for these purposes. Further, all capital projects are operated through this fund. A separate Utility Capital Improvement Fund specifically accounts for utility-related projects so that the assets are properly assigned.

Proprietary Fund types use the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when liabilities are incurred. Funds are held in reserve to cover significant liabilities. Proprietary Funds include:

- Enterprise Funds – The Utility and Solid Waste Funds are budgeted for those City operations that mirror a private business to provide a good or service to customers which are financed through user charges. This budget is presented as a modified accrual basis to enhance the understanding of how funds are used.
- Internal Service Funds - The City created a Vehicle Replacement Fund in FY 2016 to provide a funding mechanism for future vehicle purchases. The City also created a Technology Fund in 2017.

Major/Nonmajor Funds

Funds are also categorized based upon the magnitude of annual expenses as a percentage of overall fiscal expenditures, as either Major Funds or Nonmajor Funds. The Major Funds of the City include:

- General Fund
- Utility Fund
- Solid Waste Fund

Periodically, the Governmental Capital Fund or the Utility Capital Fund will be temporarily listed as Major Funds during years where either or both of those funds comprise significant expenditures.

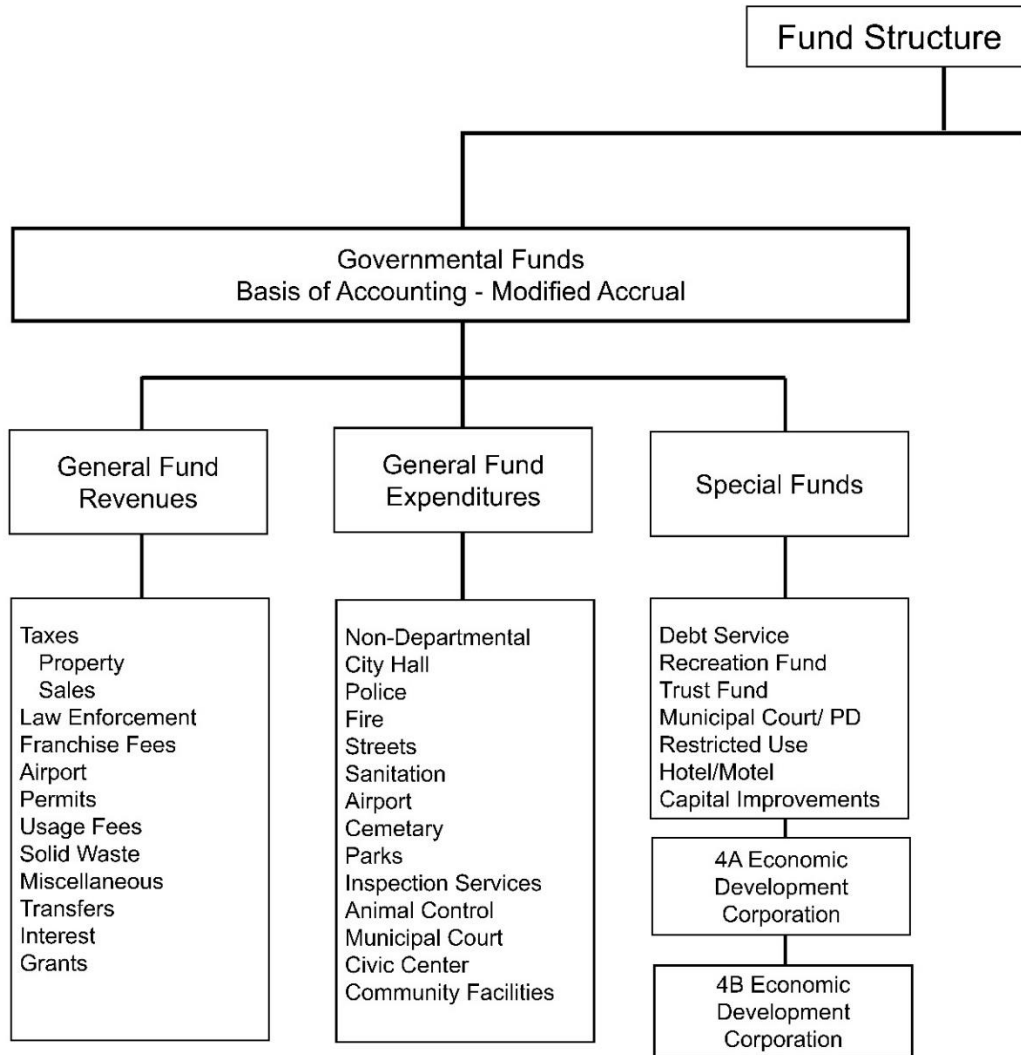
All other funds of the City are classified as Nonmajor due to their minimal operational or total annual expenditures.



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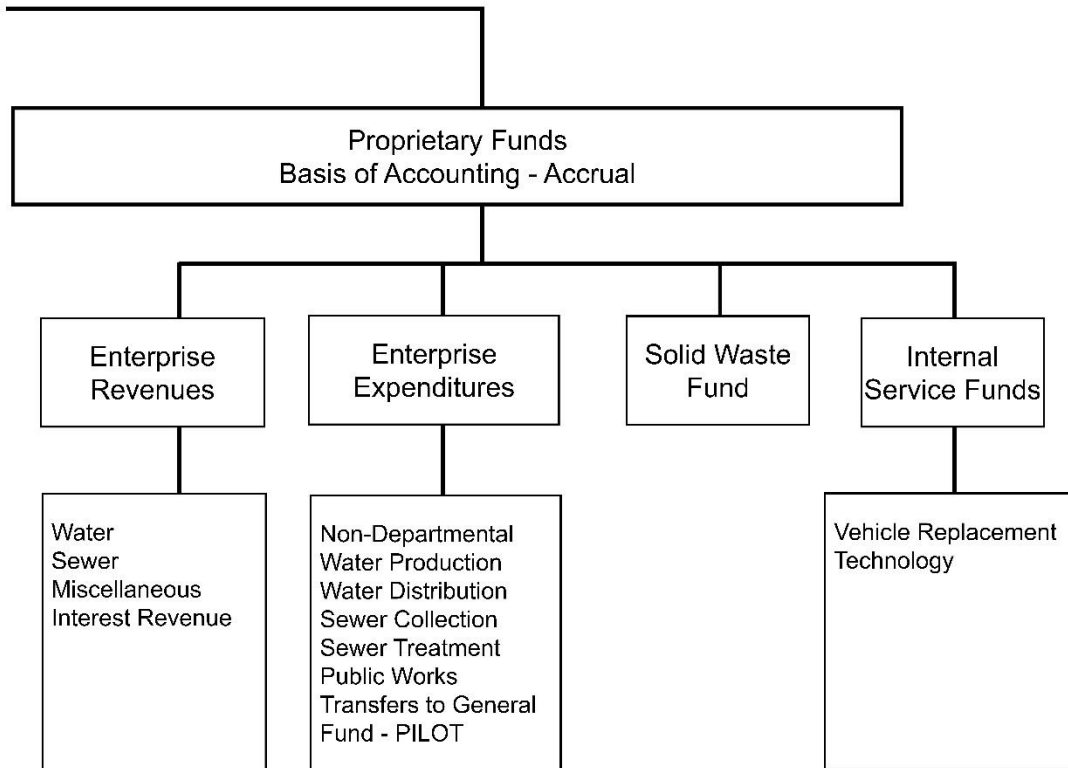
**CITY OF CENTER
FUND STRUCTURE**



Definitions

Accrual System - A system of accounting in which revenues and expenses are recorded at the time they occur, rather than the time cash is received or expensed by the City.

Modified Accrual System - A system of accounting in which revenues are recognized and recorded in the accounts when they are measurable, available, and collectable in the fiscal year.





BUDGET FORMAT

The budget format for the FY 2025 Budget is enhanced to present more information than prior budgets.

Financial Format

The information included in the budget is organized into columns (financial data over time) and budget units. The financial information contained in the budget is as follows.

FY 2022 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2022.

FY 2023 Actual - Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2023.

FY 2024 Adopted Budget – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2024, including revenues, expenditures, and fund balances.

FY 2024 Estimate – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2023. The estimate is calculated as of August 1, 2024.

FY 2025 Proposed– Budgeted amounts for each category for the fiscal year ending September 30, 2025.

Prime Accounts

A prime account is a line item which gives a sub-total amount to expense accounts of a similar nature. For example, all accounts associated with personnel costs are sub-totaled to “Personnel Services”. This budget employs the following prime accounts:

Personnel – All costs associated with city employees, including salary/wages, retirement contributions (TMRS), health insurance, Social Security, workers compensation insurance, etc.

Supplies – All costs associated with purchasing materials to fulfill department objectives

Contractual – All costs associated with securing outside contractual services

Utilities – All costs associated with the operations of a building such as electricity, gas and phone

Maintenance – All costs associated with maintaining equipment, rolling stock, buildings, and infrastructure

Sundry – All costs miscellaneous to the operations of the department

Capital – All costs associated in capital purchases of major equipment, buildings, or other assets



BUDGET FORMULATION AND DEVELOPMENT PROCESS

Each year, the City of Center is required by the City Charter to adopt a balanced budget, with revenues greater than or equal to appropriated expenditures. The City's budget serves as instructions for providing City services to the public. The budget contains general information regarding the City's Strategic Plan, financial projections, City functions, department, objectives and major accomplishments.

Budget Pre-Planning

The City's fiscal year is a period from October 1 through September 30. At the end of March, City staff begin developing a mid-year budget review and estimate. This estimate is the foundation of the annual Financial Forecast, a five-year projection that evaluates the interconnectivity between growth in the property tax base, debt payment obligations, sales tax revenue growth, staffing needs, other expenditure estimates, and fund balance projections.

In mid-Spring of each year, the Council reviews the Comprehensive and Strategic Plans, accomplishments, aspects of the plans that need review or alteration, and desires for new initiatives. Feedback from the City Council is transmitted to Department Heads responsible for developing their operational budgets. City staff begin work creating the annual revenue budgets in mid-April after the Shelby County Appraisal District presents the preliminary tax roll information.

Other fixed budgetary inputs are also pre-determined at this time such as the internal service funds (Vehicle Replacement and Technology Funds), debt service funds, and the tax increment reinvestment zone fund. These cost center interactions place budgetary constraints and limitations on other funds.

Budget Development

Budgetary requests are received from the Department Heads and analyzed for comparison with the prior year. The City Manager and Finance Officer meet with the Department Heads to refine operational projections and review requests.

The City Council is provided with a copy of the budget draft for review and comment. Advisory boards that review specific budgets, i.e. Center Economic Development Corporations, Hotel/Motel Advisory Board, etc., provide input and recommendations to the City Council. The City Council will also hold a several of workshops to review budget development and goals. Once budgetary figures are finalized, they are entered into the budget book for adoption.

Budget Adoption

Per the City Charter, the Proposed Budget must be filed with the City Secretary 45 days prior to the start of the fiscal year – this must be done on or before August 15 of each year. Per State Law, the City must post the adopted budget on the City website and the City will make the proposed budget available at public facilities. The City must hold one public hearing on the Proposed Budget prior to Council adoption.

State law requires that the budget be adopted prior to the adoption of the tax rate ordinance. The new budget goes into effect October 1.

Property Tax Rate Adoption

By the end of July, the Shelby Central Appraisal District releases the Certified Tax Rolls and staff can begin calculating the No-New-Revenue and Voter Approval tax rates. The Voter Approval tax rate is calculated with a growth of 3.5% over prior year revenues from the tax levy. The Council is allowed to adopt the No-New-Revenue rate up to a de minimis rate that raises no more than \$500,000 each year. If the Council chooses to adopt a rate greater than the Voter Approval Rate, they must do so under an accelerated schedule that provides sufficient time for an election. Notice must be published in the newspaper of record announcing the proposed rate and the times for a public hearing. The Council must then hold a public hearing prior to adopting the tax rate.



Utility Rate and User Fee Adoption

Throughout the budget development phase, the City's utility rates and user fees are evaluated to determine if adjustments are necessary to meet the Proposed Budget. The City adopts an annual ordinance which is inclusive of all rates and fees the City charges. If there are adjustments, they are presented to the Council prior to approval.

BUDGET CALENDAR

Budget Pre-Planning

Week of March 31, 2024 – Staff begins development of mid-year estimates and financial forecast

Week of May 15, 2024 –Budget development requests provided from Department Heads

Week of June 6, 2024 – Department Heads budgets integrated into preliminary draft by finance department

June 12, 2024 – City Council reviews Department requests, response to strategic plan goals, capital requests, and initial budget draft

June 26, 2024 – City Council receives FY 2024 Estimates and FY 2025 Financial Forecast

Budget Development

June 1 through August 1, 2024 – Begin development of budget book

July 25, 2024 – Deadline for the Shelby County Appraisal District to submit certified tax rolls

August 12, 2024 – Council adopts resolution setting maximum tax rate for FY 2025 Proposed Budget

Budget, Tax Rate, and Utility Rates and Fees Adoption

June/July, 2024 - 4A EDC & 4B EDC Boards recommend approval of their budget to the City Council.

August 9, 2024 – Council is presented the Filed version of the FY 2025 Budget as required by City Charter and tax rate calculations

August 12, 2024 – Council approves proposed tax rate

August 15, 2024 – Notice of Proposed Budget Public Hearing is published

August 26, 2024 – Public Hearing on the FY 2025 Budget (Regular Council meeting)

September 5, 2024 – Notice of Hearing on Tax Rate is published

September 9, 2024 – Public Hearing on Tax Rate for FY 2025 (Regular Council meeting)

September 9, 2024 – Council adopts FY 2025 Budget, tax rate and annual utility rate/fee ordinance

October 1, 2024 – New budget is implemented, new rate schedules become effective



BUDGET MANAGEMENT

Department Heads receive monthly expense reports which contain prior years' spending, current budget, amount expensed in the particular month, amount expensed in the entire year, and amount remaining in the budget. Department Heads are responsible for managing their operation within the appropriation levels established by the approved Budget.

The City's purchase order system assists Department Heads with oversight of their budget. Please reference the City's Purchasing Policy in Appendix D for more detail on the process. For non-emergency or non-maintenance items over \$1,500, Department Heads are required to secure a purchase order prior to acquisition to ensure budget availability or request adjustments as necessary.

Budget Transfers

The Budget Adoption Ordinance provides significant responsibility to the City Manager. As the fiscal year progresses, unanticipated situations may arise that could affect the budget. Items that require a simple transfer from one account to another within the same Department or Fund that would not affect the total budget, can be made upon the City Manager's approval. Items that would result in an increased budget or cause it to be out of balance are required to be approved by the City Council.

Budgetary Reporting

Each month, the Finance Department provides the City Council a Financial Dashboard which shows current month spending in relation to prior years to monitor current spending versus historic patterns. Also, summary budget information is presented detailing the total budget, spending for the month and year. The amount of revenue is also presented to the Council to indicate if the City is spending more than it has received.

Each quarter, the Finance Department prepares the required Cash and Investment Report which provides details on the City's cash position. This report includes the City's position at the beginning of the fiscal year, the current quarter, and the end of the quarter. The report also details the City's investment instruments and interest income.

Audit

At the close of each fiscal year, the City engages in an independent audit by a qualified CPA firm licensed by the State of Texas. While the audit process examines the City's books, it also evaluates the City's financial processes, internal controls and policy compliance.

BALANCED BUDGET

According to the Charter of the City of Center, it shall be the duty of the City Manager to submit a balanced annual budget to the Council. A balanced budget is defined as one where revenues are greater than or equal to expenditures.

FOR MORE INFORMATION

The budget document summarizes and condenses a substantial amount of information. However, more detailed information may be needed or further explanation required. In these instances, citizens and users may contact City Hall at 936/598-2941 with questions. City Hall is open Monday through Friday from 8:30 a.m. to 4:30 p.m.

For additional information about the city, to download important forms and applications and to view meeting agendas, please visit the City of Center website at www.center texas.org.



POLICY COMPLIANCE AND VERIFICATION

The City of Center maintains a number of different policies which can be found as Appendixes at the end of the budget document. This brief section summarizes each section and whether the City is in a compliance status with each policy.

Debt Management Policy – Appendix A. Policy imposing limitations on the amount of debt that the City can issue, measuring as a percentage of outstanding principle to the tax base, maintaining a tax rate less than or equal to comparison cities, ensuring that the tax rate will be in relative balance, and debt instruments not exceeding a maximum term.

Policy Metric	Verification	Status
Outstanding principle not to exceed 4% of total tax base	FY 2025 outstanding principle - \$6,995,000	In Compliance
	FY 2025 tax base - \$367,674,385	
	Percentage – 1.90%	
Competitive tax rate with peer communities	FY 2024 property tax rate - \$0.508910	In Compliance
	Peer community average - \$0.650498	
	FY 2025 M&O Rate - \$0.39161 64%	
Tax rate ratio balance	FY 2025 I&S Rate - \$0.21601 36%	In Compliance
	Total - \$0.607620	
	Issue Maturity date Time Remaining	
Debt instruments not to exceed 20 years	2011 CO's 2030 6	In Compliance
	2012 Ref 2023 0	
	2012 CO's 2035 11	
	2016 CO's 2036 12	
	2019 CO's 2039 15	
	2021 Ref 2030 6	

Fund Balance Policy – Appendix B. Policy establishing the City's minimum and optimum amount to retain as fund balance for emergencies. Fund balance is measured as a percentage of annual expenditures

Policy Metric	Verification	Status
A minimum fund balance of 25% of annual expenditures and an optimum fund balance of 30% of expenditures	FY 2023 audited expenditures - \$6,922,319	In Compliance
	FY 2023 audited end fund bal - \$2,702,520	
	Percent fund balance/expenditures – 39.0%	

Investment Policy – Appendix C. Per State Law, the City maintains an investment policy establishing parameters on allowable investments.

Policy Metric	Verification	Status
Submit quarterly reports and annual report to the City Council	Three quarterly Cash & Investment Reports	In Compliance
	One annual Cash & Investment Report	
Bank collateral. Goal is 102% collateralization per Section 9	Collateralization at 103%	In Compliance
Investments are to be compliant with Section 11.B of the Investment Policy. Figures as of June 30, 2023	99.7% of investments are in Local Government Pools, allowed under Section 11.B.1.F	In Compliance
	0.3% of investments are in Certificates of Deposit, allowed under Section 11.B.1.D	
	0.0% of investments are in Securities, allowed under Section 11.B.1.B/C	



Balanced Budget Policy – City of Center Charter Requirement. The City Council is required to adopt a budget where expenditure does not exceed revenues plus reserves. Operationally, the City has developed a budget that does not employ reserves to meet operational needs and revenues are greater than or equal to current expenditures, exclusive of Capital Improvement Fund activities.

Policy Metric	Verification	Status
Budget where revenues are greater than or equal to expenditures	FY 2024 Budget Revenues \$15,376,547	In Compliance
	FY 2024 Budget Expenditures \$15,173,270	
	FY 2025 Budget Revenues \$ 17,057,852	
	FY 2025 Budget Expenditures \$16,835,057	

Purchasing Policy – Appendix D. The City’s purchasing policy provides guidance and structure to the procurement process for goods, supplies, and services.

Policy Metric	Verification	Status
Purchase orders issued	77 PO's issued – FY 2023	In Compliance
	76 PO's issued YTD(July) – FY 2024	

Financial Policies – Appendix E. The City’s financial policies cover a number of topics such as internal controls, expenditures, financial reporting, accounts payable, and accounts receivable. It is meant to provide guidance to Council and reassurance to the public that the City seeks to manage public resources in a responsible manner.

Policy Metric	Verification	Status
Audit report from independent auditors	Clean, Unqualified Opinion - FY 2023 audit	In Compliance

Economic Correction Policy – Appendix F. The City has an economic correction policy to provide management guidance in the event of an economic downturn that would affect operational revenues. No fiscal compliance is necessary.

Transfer Policy – Appendix H. The City established a policy to limit the values of transfers between funds based on a percentage of total revenues in the most recent audit.

Policy Metric	Verification	Status
Utility Fund transfer to General Fund – FY 2023. Not exceed 20%	Utility Fund Revenue - \$4,528,365	In Compliance
	General Fund Trans - \$375,000	
	Franchise Fee to Gen Fund - \$131,784	
	Total - \$538,864 – 11.2%	
	Utility Fund Revenue - \$4,528,365	
Utility Fund transfer to Debt Fund – FY 2023. Not to exceed 20%	Debt Fund Trans - \$472,700 – 10.4%	In Compliance
	Solid Waste Revenue - \$1,938,275	
Solid Waste transfer to General Fund – FY 2023. Not exceed 25%	Solid Waste Franchise - \$156,931	
	Solid Waste Transfer - \$200,000	
	Total - \$356,931 – 18.4%	
4A EDC admin fee to General Fund – FY 2023. Not exceed 20%	4A EDC Revenue - \$538,814	In Compliance
	General Fund Trans - \$30,000 – 5.6%	
4B EDC admin fee to General Fund – FY 2023. Not exceed 5%	4B EDC Revenue - \$1,149,866	In Compliance
	General Fund Trans - \$30,000 – 2.6%	
Hotel Occupancy Tax transfer to Debt – FY 2023. Not exceed 50%	HOT Revenue - \$329,378	In Compliance
	Debt Fund Trans - \$0 – 0%	
	General Fund Trans - \$110,000 – 33.4%	
Hotel Occupancy Tax transfer to General Fund – FY 2023. Not to exceed 35%		



**CITY OF CENTER
STRATEGIC PLAN**

VISION STATEMENT

By the year 2030, the City of Center will be a community significantly larger than its' current size and be known as a desirable community with an enviable quality of life, a diversified economy, an attractive physical environment, and a variety of housing choices.

This will be accomplished by a strategic planning approach, innovative and aggressive policies and programs, and a relentless pursuit of quality.

The Council annually is surveyed to assist staff in crafting budget priorities, which also serves to justify the continuation of strategic plan goals and objectives. The Council's top five general areas of focus during annual budget development for the last several years have consistently included:

Financial Stability and Sustainability
Economic Development
Quality Utility Operations
Growth Planning
Public Safety

The Center City Council adopted an updated Comprehensive Plan in 2014 that identifies issues that warrant attention. The list can be condensed into four primary categories: Economic Development, Quality of Life, Growth and Physical Development of Infrastructure; and Improvements in understanding and communication.

Each of these imperatives are of varying importance and require action at different points in time.

Strategic Importance	High	Economic Development	
		Annexation	
		Quality of Life	
		Improve Understanding and Communication	Beautification
	Low	Housing Development	Community Amenities
			Tourism Development
	Short	Long	
Time Frame			

In the Summer of 2017, the City Council held a planning retreat where they identified the following strengths, weaknesses, opportunities, and threats.

Strengths

Financially sound City
Active economy and civic groups
Functional council and staff
Infrastructure (Water, Civic Center, airport, downtown)
Industrial base

Opportunities

Marketing
Improved relationships with County and ISD
Return of oil/gas activity
Sports tourism
Water availability

Weaknesses

General cleanliness
Lack of: Housing, medical facilities, food and dining options, land for industrial development
Branding/image
Private property improvement/Pride

Threats

Loss of industry/employers
Continuing 'run down' appearance



The following sections will explain in greater detail strategic approaches the City has defined to achieve continued activity and progress. Budgeted items are identified under the appropriate category along with the responsible department or entity.

Goals/Core Values

All objectives and work plans should exhibit one or more of these core principles for the governance and operations of the City of Center.

1. Effective Stewardship and Vigilance of Financial and Physical Assets
2. Sustainable Growth and Development
3. Exceptional Quality of Life
4. Responsive and Transparent to Community, Partners, and Customers

OBJECTIVE A. MAINTAIN AND ENHANCE CORE PUBLIC SERVICE DELIVERY

ACTION TARGETS- Public Safety, Utility Systems, Finance/Administration & Public Facilities

Public Safety

1. Provide law enforcement staffing and equipment to effectively respond to emergency or disaster needs or citizens, visitors, and businesses.
2. Sustain fire service needs for staffing, equipment, and apparatuses to effectively respond to emergency or disaster needs or citizens, visitors, and businesses.
3. Cooperation with Center Volunteer Fire Department for emergency responses
4. Expand Animal Control policies, procedures, & strategies
5. Operate Emergency Management and Planning Activities
6. Expect law enforcement and fire protection public safety programs and outreach.
 - a. Encourage Police and Fire station visits and interaction with school children.
 - b. Promote community awareness of programs to recruit and retain quality, well-trained fire, and police officers.

Utility Service Systems

1. Develop plant improvement programs for water production and sewer treatment.
2. Implement the water master plan to address future availability of raw water supply.
3. Monitor wastewater discharge permit regulations and contributed industrial waste.
4. Identify water/sewer lines for replacement to improve pressure or service reliability.
5. Identify areas where water lines need to be replaced or enlarged for fire protection.
6. Negotiate with water supply corporations to expand customer base by providing service or acquiring systems.
7. Continue evaluating system needs for service and process improvements.

Aiken Plant Rehab	\$250,000	Planning/design for treatment plant rehab	Utility CIP
Water Capacity-Reuse	\$125,000	Testing/Permitting for Reuse Project	Utility CIP

Finance/Administration

1. Employ quality accounting and auditing practices and standards.
2. Ensure sound and secure investment of public funds.
3. Create, review, and adhere to a sound fiscal plan and annual budget.
4. Maintain fiscal records for ease of presentation, review, and audit.

Public Facilities-Streets

1. Review conditions of roadways and surface maintenance needs



2. Plan improvements to the City's vehicle/pedestrian transportation system.
3. Develop collector street system for planned infrastructure expansion (Comp Plan #7)
4. Coordinate with TxDOT for traffic control and safety improvements.
5. Develop enhanced strategy for pedestrian walkability & safety (Comp Plan #22)
6. Coordinate with TxDOT and county for intersecting/overlapping jurisdiction.
7. Identify special projects for expansion or enlargement of transportation systems.

Street program	\$1,045,000	Street renovation/maintenance program; concrete enhancements for drainage	4B EDC
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Public Facilities -Drainage

1. Enhance drainage systems to protect property.
2. Identify drainage projects and funding for maintenance or enlargement.
3. Review FEMA floodplain maps and regulations.
4. Insure funding access to FEMA Mitigation Programs
5. Enforce storm water prevention standards on business development.

Resilient Communities Program	\$0	Drainage Assessment/Comp Plan Update	General Fund/CIP
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Public Facilities -Civic Center

1. Continue to maintain high stand for facility stewardship.
2. Identify areas of appropriate areas customer base expansion to bolster facility self-sustainment.
3. Evaluate opportunities for facility improvements in technology & other customer amenities

OBJECTIVE B. METHODICALLY GROW THE CITY LIMITS AND POPULATION WITH EFFECTIVE UTILITY EXTENSIONS, LAND USE, AND PLANNING

ACTION TARGETS- Expansion, Population Growth, & Housing

Expansion

1. Review land use maps and revise city's zoning map to reflect future land uses.
2. Identify utility extension projects which allow system growth.
3. Ensure utilities are extended outside city limits in an equitable manner through required development agreement or annexation petition.
4. Coordinate utility system expansions to encourage voluntary annexations.
5. Identify areas as candidates for annexation and pre-emptively secure development agreements.

Population Growth

1. Coordination with Center ISD regarding population growth rates (Comp Plan #3)
2. Enhance development standards and control in ETJ – coordinate with county.
3. Create a vibrant housing market with a mix of options (Comp Plan #23)

Housing

1. Develop strategies to encourage the construction of single and multi-family developments (e.g., TIRZ, utility and street construction, fee rebates, tax abatements) (Comp Plan #27)
2. Encourage appropriate residential in-fill development (Comp Plan #25)
3. Seek to stabilize neighborhoods, housing stock, and property values by creating a housing maintenance enforcement program (Comp Plan #26)



4. Encourage volunteer teams to repair blighted housing units/develop new homes.
5. Sponsor HOME grant applications and other governmental assistance programs.
6. Expand Local Government Corporation activities.
 - a. Parker Place lot sales/development
 - b. Vacant/delinquent lots for reuse or redevelopment

Parker Place Subdivision

\$5,600

Maintenance of lots available for sale

Center Local Govt Corp

OBJECTIVE C. ECONOMIC DEVELOPMENT: THE CITY OF CENTER WILL BE A PLACE WITH A VIBRANT BUSINESS ENVIRONMENT WITH A DIVERSIFIED ECONOMIC BASE.

ACTION TARGETS-Connectivity, Expansion, Cooperation, Education, Revitalization, & Commerce

Connectivity

1. Develop relationships with local industries to foster active listening and communication so that the city can be responsive to their needs. (Comp Plan #13)
2. Conduct a periodic business survey.
3. Conduct annual site visits to local industries.
4. Resume quarterly industrial breakfasts.

Expansion

1. Expand and diversify the local industrial base.
2. Expand relationships with business consultants (Comp Plan #11)
3. Focus on spin-off/companion companies and opportunities (Comp Plan #9)
4. Pursue program incentives or funding for new businesses (Comp Plan #15)
5. Ensure no restrictive zoning regulations to accommodate target industry (Comp Plan #14)
6. Increase site options in the city for development (i.e., industrial, retail, & commercial)
7. Identify, foster, and develop small businesses through entrepreneur programs.
8. Market to identified companies within targeted industries and respond to prospect leads.

Cooperation

1. Continue and encourage coordination, cooperation, and building regional relationships with economic development allies. (Comp Plan #12)
2. Partner with Center ISD to enhance the school's reputation as being a quality district.
3. Foster relationships with regional utility providers
4. Continue engagement with regional economic development agencies.

Education

1. Develop the local workforce and human capital capabilities.
2. Work with Center ISD and Panola College to develop workforce skills programs.
3. Seek out additional educational alternative opportunities.

Revitalization

1. Continue to support the development of the Historical Downtown Square as an economically vigorous area.
2. Continue to expand the footprint of the streetscape enhancement project (Comp Plan #4)
3. Develop a model of the ideal mix of businesses for the area.
4. Ensure that area regulations are compatible with the vision and plans.
5. Update codes to encourage the reuse of existing structures (Comp Plan #17)
6. Market the INNOVA façade improvement grant program to incentivize the redevelopment of existing structures.
7. Encourage mixed use projects (Comp Plan #5)
8. Become one of the most dynamic downtowns in East Texas



Downtown - Maintenance	\$30,000	Maintenance of Landscape/Hardscape	General Fund
Downtown Banner Program	\$10,000	Purchase and install supplemental banners	HOT Fund
Downtown Building Lights	\$5,000	Maintenance of downtown building lights	HOT Fund

Commerce

1. Develop Center as a retail hub.
2. Resume retail recruitment efforts.
3. Encourage/incentivize retail-ready development projects.
4. Develop Center as a tourism and event destination.
5. Partner with organizations to create and expand events which serve as community draws.
6. Target civic center marketing efforts on events which will bring out-of-area visitors.
7. Engage with the school and other entities to attract more regional activities to Center.
8. Grow the Recreation Program to create ventures in athletic tournaments and events.
9. Connect with local communities regarding capabilities of facilities and their advantages.

State and regional tournaments	\$35,000	Sponsorship amounts for tournament attraction	HOT Fund
Event sponsorship	\$4,500	Community event sponsorship Chamber	HOT Fund

OBJECTIVE D. PROACTIVELY ENGAGE IN ACTIONS THAT WILL ENHANCE CENTER'S QUALITY OF LIFE

ACTION TARGETS-Beautification, Parks Improvement, Public Health, & Transportation

Beautification

1. Engage in creative efforts to aesthetically enhance Center's physical appearance.
2. Promote the creation of a Keep Center Beautiful program.
3. Enhance targeted areas (e.g., school accesses, commercial corridors, community facilities)
4. Identify locations for use of public art (e.g., murals, sculptures, display art)
5. Install entryway and directional signage (Comp Plan #21)
6. Adopt signage, landscaping, and property maintenance codes (Comp Plan #19, 20)
7. Continue demolition of blighted structures

Blight removal	\$15,000	House demolition and blight removal	Solid Waste Fund
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Parks Improvement

1. Continue implementation of the Parks Master Plan
2. Initiate walking trail project development plan
3. Continue to improve playground accessibility for all citizens.
4. Develop strategies to expand capacity for highly popular and trafficked areas of use.

Public Health

1. Support the enhancement of the area's health care system.
2. Ensure access to opportunities for physical activity via Parks & Recreation Departments & other supported programs.
3. Encourage community participation in health education and wellness monitoring opportunities.
4. Promote collaborative partnerships between organizations sharing the goal of public health.
5. Maintain proper emergency preparedness to minimize impact on public health standards.
6. Educate Health Professionals regarding expanded digital health capabilities provided by quality broadband access.



Transportation

1. Implement/update the Center Municipal Airport Capital Improvements Plan
2. Coordinate needs and desires of facility users and visitors.
3. Establish funding mechanisms for local project contributions.

Airport – CIP/ALP & Study	\$37,500	Airport Layout Plan w/narrative (local match)	Airport Const Fund/CIP
Airport – AWOS Replacement	\$18,000	Weather Observation Station (local match)	Airport Const Fund/CIP

OBJECTIVE E. ENGAGE THE COMMUNITY IMPROVING UNDERSTANDING AND COMMUNICATION

ACTION TARGETS- Marketing, Transparency, & Communication

Marketing

1. Enlarge the City's marketing and external recognition efforts.
2. Develop a branding strategy to promote consistent and cohesive identity (Comp Plan #16)
3. Develop a media strategy.

Transparency

1. Resume and/or expand community outreach programs.
2. Seek external awards to earn recognition for efforts.
3. Implement strategies to boost financial transparency.

Communication

1. Develop a community engagement strategy & define communication objectives.
2. Implement multiple communication methods to improve service messaging with citizens.
3. Prioritize effective communication as an overall pillar of a successful service delivery plan.



CITY OF CENTER LONG RANGE FINANCIAL FORECAST FY 2025 – FY 2030

In FY 2015, the City of Center began formally instituting a five-year financial forecast in the budget development process. The Financial Forecast's purpose is designed to anticipate problems and assess opportunities as a proactive planning tool. This exercise allows the City Council to establish goals with more forethought. Some issues addressed in this financial forecast and budget are:

- Fund Balance. Ensuring the City's fund balance and cash reserve position to maintain sufficient resources for emergencies in compliance with the Fund Balance policy.
- Revenue and Expense Policy. Consistent review of tax and utility rates, comparison with other communities and allowing for expenditure concerns that may be managed over time.
- Debt capacity and payment requirements.

This forecast has been prepared to provide the following benefits to City leaders:

1. Orchestrating policy decisions and corresponding long-term financial implications.
2. Anticipating future fiscal conditions, to implement strategies and action to correct, minimize or counteract potential difficulties.
3. Assist the City Manager and departments in operational planning.
4. Provide more accurate estimates of revenues and expenditures during the budget process.
5. Indicate to bond rating agencies and other interested parties the systematic financial planning process utilized.
6. Enhance the general public's understanding of long-term costs and associated implications of current and proposed City decisions.

FORECAST PREPARATION

A forecast is only one component of a financial planning program. The financial forecast, as presented, does not attempt to predict the future; current economic and regulatory conditions can be volatile, indicating the forecast is only as good as its' underlying assumptions. However, it is the potential for accuracy and the discussion and deliberation that is the forecast's true benefit.

The long-range forecast contains many underlying assumptions for projections. Each section details the assumptions used in projecting the revenues and expenditures and in some cases, identifies policy changes or environmental factors that may cause deviations or alternatives.

Forecasting Methodology

The City of Center uses three basic techniques to forecast revenue and expenditures: expert judgment, trend analysis, and incremental change.

The expert judgment, also known as the "best guess" approach, is used to project some revenues. This method relies on City staff's expertise as well as outside sources. Trend analysis assumes that revenues and expenditures are a function of linear factors, most often time. Once revenues or expenditures are separated into line-item accounts, the City's future activity can be projected based upon trends experienced over the past several years.

Expenditures and revenues are also forecast using an incremental and deterministic model unless specifically denoted. This assumes a consistent level of services, unless otherwise noted, that accounts for inflation yet generally minimizes service enhancement or improvement cost escalation. Personnel expenditure reflects cost of living adjustments and increases to volatile benefit costs yet does not generally indicate staffing increases. The forecast separates expenditures by prime accounts and provides for an annual inflation factor.



Potential Economic and Environmental Conditions and Risk Assessment

There are a number of regulatory, economic and policy factors which could significantly impact the City's ability to generate revenue, increase demand for service, or generally increase the cost of operations.

Energy Industry Activity

The United States in general and Texas in particular, began exporting crude oil and natural gas in late 2015/early 2016. The United States became a world leader in energy commodity exports for a short period. The recent national pause in production growth could result in a resurgence in activity in the Haynesville Shale. An energy renaissance would cause an influx of temporary workers, boosting Hotel Occupancy Taxes around 200%, bringing sales tax revenues reflective of 2010-2011 increases, however, this activity would be volatile and temporary. Property tax could see an increase with few value producing wells inside the City; value increases would come from some property appreciation but mostly from business personal property and inventories.

Conversely, this extra activity would place strain on City services. Law enforcement would need to be enhanced to accommodate the larger in-town population. Requests for City building permits and inspections could necessitate evaluating staffing in the Inspection department.

2018 saw a pull-back of regional energy industry activity and Hotel taxes started to decline. However, sales tax receipts showed continued modest strength. 2021 experienced a contraction of the global energy industry with the impacts of COVID-19 and shifting federal policies. Recent market trends have stabilized energy operations within the area but they remain unpredictable.

Scenarios of Energy Industry Changes – impacts to City		
	Positive changes	Negative changes
Hotel Occupancy Taxes	+100%	-10%
Sales Tax Receipts	+25%	-5%
TIF	+10%	-10%
Public Services	Need for additional personnel for traffic enforcement, criminal investigation and development	No modification to current service levels

Poultry Industry

Center's reliance on the poultry industry places it in danger to at least three hazards. The first is a bird flu event that results in the culling of large numbers of birds, limiting production at the local plant. The second is the detection of a biohazard at the Tyson plant, and the third is a shortage of water for the Tyson plant.

There have been a few isolated incidents of avian flu affecting poultry in other parts of the Country – it has never been detected in Shelby County. In 2015, listeria was discovered at the Blue Bell ice cream plant in Brenham and the plant was closed for about nine months. An event like that would also devastate the local economy. Impacts would be two-fold, the general economy and direct water sales. In either event, reduction of production would create economic hardships for growers, employees and secondary impacts on retail merchants and would also reduce the purchase of water from the City utility.

With both of these scenarios, the City would receive significantly reduced payments from taxes and utilities. Tyson is the largest property tax payor to the City could request a reappraisal. Tyson Foods is the City's largest utility customer, providing over 50% of the City's Utility Fund revenue. If Tyson payroll dollars are not circulating in the local economy, the City is not receiving sales tax revenue. Further, local grower losses and payroll declines would place local banks under operational stress. This could, in turn, prevent local businesses from receiving financing and deter consumers from making large purchases.



Finally, there is an upside for expanded production in any major manufacturing facility and as experienced during 2022, the positive impacts of rapid inflation as it relates to the production of the Center Tyson facility. During this year, demand for product from this plant has expanded operations to regular 6-day workweeks and increased water sales by roughly 15% with added revenue increase from secondary treatment at the City's wastewater plant to accommodate Tyson plant flow exceedances.

	Tyson Foods Projected Utility Bill Scenarios			
	Actual – January 2023 to December 2023	15% Increase	10% Decline	25% Decline
Amount	\$1,825,556	\$273,833	(\$182,556)	(\$456,390)

Overall, given the relative geographic isolation, the community is fairly well insulated from positive or negative major national economic trends.

Health Insurance Rate Volatility

- The City's health insurance premium jumped 20% in FY 2017 due to a particularly bad loss ratio year and the implementation of Affordable Care Act mandates and regulations. FY 2025 is similar in that past loss ratio experience are impacting premium projections including a 15% increase for this budget.
- The risk that the City will experience chronic large loss ratio years requires a long-term mitigation approach. Working with the insurance provider and HR Department, employees are encouraged to participate in the wellness program.
- Due to turnover and attrition, the City's average employee age is less than it was a few years ago.

The table below provides some analysis of how potential premium increases would be if the City were to experience another high rate increase year.

	Current	6%	10%	15%
Current 80 FTE's - \$10,200 per year	\$816,000	\$864,960	\$897,600	\$938,400
Increase Amount	\$0	\$48,960	\$81,600	\$122,400

Regulatory

The Texas Legislature could pass potentially harmful legislation actions from recent sessions:

Revenue Caps – SB2, passed in 2019, exempted the City of Center from the 3.5% Voter Approval Rate election mandate, via the De Minimis Rate. However, this could be amended limiting the City's ability to meet service demands via property tax revenue.

Franchise Fees – Essentially eliminating the ROW (franchise fee) for telephone and cable payments would be terribly detrimental to annual revenues.

Unfunded Mandates – 2023, as in 2021 legislative session created several mandated actions by cities specific to public safety payroll, budgets and regulatory restrictions that increase the potential costs of operations and potentially reduce some revenue sources.

Other Potential Events

- As currently being experienced, damages to private industry from natural disasters or hazards and resulting workforce and industrial activity reductions not only have short term impacts to tax and utility revenues but also create risk for long term reductions in property tax, sales taxes, and utility revenue from lack of redevelopment or relocation.
- New industry locating in town or existing industry expansion would increase monetary circulation, new job creation, and add value to the tax roll.
- Additional commercial or residential development would further add to population and potentially increase service demands.
- Severe weather events (drought, heavy rain, or disaster) could disrupt utility revenues or greatly increase operational expenses.



For the purposes of this forecast, none of these risk events are included for planning purposes other than incremental inclusion reflective of recent trends and the anticipated immediate impacts reflective of the Portacool operational changes.

General Fund Revenue Assumptions

Property tax collections are projected using the following assumptions and methodology:

- The net taxable values for FY 2025 are provided by the Shelby County Appraisal District (SCAD).
- The net taxable values for FY 2025 through 2030 are calculated at 3% annual increases.
- The delinquency rate will remain at 1% through the forecast period.
- Sales tax revenues are projected to increase 3% each year through the forecast period.

Franchise revenues were examined at a detail level. Historically, the electricity franchise has generated revenue in a tight range; this trend will continue with minor projected growth due to rate increases. The phone and cable franchise revenues, however, are projected to remain relatively flat. This is due to the fact customers continue switching to non-franchise fee collecting mobile communication and satellite services beyond the increases of rates. Changes to legislative action could reverse this decline as the Texas Supreme Court ruled that multiple service providers must pay franchise for each service.

Each year the Utility and Solid Waste Funds transfer to the General Fund to offset the costs of administration and functions as a franchise payment for use of City rights of way. A study was conducted in FY 2013, updated in FY 2019 and refined in FY2022, to determine the funding adequacy of this revenue stream and determined that the General Fund was subsidizing Utility Fund operations. The refinement with Technology Fund allocations indicated that the transfer of \$375,000 in FY 2023 and 3% annual increases beginning FY 2026. A similar transfer/administration fee is assessed to the Solid Waste Fund. For FY2018, a 3% franchise fee was assessed to the Utility Fund was established in addition to the 10% Solid Waste franchise fee. The two Economic Development Corporations also pay a service fee to the City for reimbursement of administrative costs. These costs are projected to remain stable through the forecast period. Finally, the transfer from Hotel Occupancy Taxes are used to offset the costs of maintenance and operation of the Civic Center and Community House. In FY 2013, the Civic Center transfer was reduced to reflect depressed occupancy tax revenues. The forecast anticipates stabilizing Hotel Occupancy Tax revenues that allowed the transfer amount to be restored beginning FY 2023.

The areas of Law Enforcement (Municipal Court Revenues), Airport, Miscellaneous, Permits and Usage Fees are all expected to be stable with little variation over the forecast period.

Sales Tax Revenue

For a time, the City became over-reliant on sales tax revenue to fund operations – sales tax receipts would be greater than or equal to 50% of total general fund revenues. As evidenced from FY 2010 to 2014, sales tax revenue can be volatile. Over reliance on this revenue stream is contrary to the Council's stated policy goal of financial stability. In FY 2018, the City began to experience a resurgence in energy industry activity which resulted in a modest sales tax revenue increase. COVID-19 pandemic effect on the City's sales tax receipts was positive. The FY2025 budget projects continued increase of 2% from current year estimate. The City will again project 3% annual growth.

Property Tax Rate

The Forecast anticipates that the property tax rate will remain stable over the forecast period. Revenue sources that are under the City's control, such as the property tax rate, need to be evaluated as the rising costs exceed the City's ability to generate revenue from sales taxes and new property valuations. The current year appraised values experienced a continued increase of 2.2% of taxable value, after last year's 5.6% increase. This forecast also anticipates the City moving towards 70%-30% target for the M&O/I&S



rate ratio. It is possible that the City will need to raise the property tax rate should the Council desire debt-funded capital projects, expanded services or in the event taxable valuations stagnate.

General Fund Revenue Summary

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Property Taxes	1,333,376	1,451,439	1,461,500	1,488,632	1,572,000	1,603,400	1,635,500	1,668,200	1,701,600	1,735,600
Sales Taxes	2,509,148	2,699,079	2,795,150	2,748,700	2,798,600	2,882,600	2,969,100	3,058,200	3,149,900	3,244,400
Law Enforcement	216,150	172,218	210,300	213,354	232,550	240,000	247,000	254,000	262,000	270,000
Franchise Fees	717,527	758,045	751,300	727,005	811,100	819,200	827,400	835,700	844,100	852,500
Airport	180,675	220,209	160,000	172,500	193,000	198,800	204,800	210,900	217,200	223,700
Permits	30,613	40,642	30,200	36,550	40,100	15,000	15,000	15,000	15,000	15,000
Usage Fees	58,280	90,105	70,200	82,200	87,950	75,000	75,000	75,000	75,000	75,000
Solid Waste	-	-	-	-	-	-	-	-	-	-
Miscellaneous	14,980	19,895	1,350	20,400	15,220	5,000	5,000	5,000	5,000	5,000
Transfers	805,103	745,000	745,000	745,000	720,000	761,000	772,000	783,000	794,000	806,000
Interest	23,837	146,113	74,700	120,000	112,100	97,900	94,800	87,900	76,500	60,300
Grants	125,841	53,022	81,500	108,525	34,000	50,000	50,000	50,000	50,000	50,000
TOTAL REVENUE	6,015,531	6,395,767	6,381,200	6,462,867	6,616,620	6,747,900	6,895,600	7,042,900	7,190,300	7,337,500

Utility Fund Revenue Assumptions

The financial position of the Utility Fund is very different than the General Fund. The council acted in FY 2014 to eliminate the Utility Fund's subsidy from the General Fund, by slightly increasing water rates, a moderate increase to sewer rates, and increasing the administrative transfer to the General Fund. This model continues the policy of establishing each cost center (water and sewer) to be self-sustaining with their respective rate structures within the Utility Fund as well as in allocations to Vehicle Replacement and Technology Funds.

For the purposes of this forecast, the following are assumed for Utility Fund revenue projections:

- Water revenues will increase 3% each year primarily from growth in the number of accounts, consumption increase, and slight rate adjustments.
- Sewer revenues will increase 3% each year mostly due to rate adjustments and growth in the number of accounts until sewer revenues sustain sewer operations.
- All other accounts essentially remained constant throughout the forecast period.

Utility Fund Revenue Summary

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Water	3,259,079	3,209,505	3,209,000	3,278,200	3,505,500	3,610,700	3,719,000	3,830,600	3,945,500	4,063,900
Sewer	1,152,139	1,127,272	1,115,000	1,267,000	1,334,000	1,374,000	1,415,200	1,457,700	1,501,400	1,546,400
Miscellaneous	45,596	17,340	3,700	159,200	42,000	42,000	42,000	42,000	42,000	42,000
Interest	13,024	75,978	51,000	95,500	74,000	50,900	48,800	45,200	40,100	33,200
Tap Fees & Charges	101,064	98,270	98,400	113,725	109,450	111,600	113,800	116,100	118,400	120,800
Total Revenue	4,570,901	4,528,365	4,477,100	4,913,625	5,064,950	5,189,200	5,338,800	5,491,600	5,647,400	5,806,300



EXPENDITURE ASSUMPTIONS

As stated, one of the methods used to project operating expenditures is to develop separate inflation rates for the different prime account subtotals. The annual inflation rate is then applied on a cumulative basis. The expenditure levels are projected using the following assumptions for both the General and Utility Funds.

Personnel costs are expected to increase through annual adjustments by 3% each year not inclusive of annually applied COLAs. Increases in salaries translate into proportionate increases in Social Security and Pension contributions. Health insurance premiums are projected to rise an additional 6% each year. Workers Comp and Unemployment Insurance are projected to remain flat through the forecast period. At this point no new personnel are projected to be included in the forecast indicating no additional demand on services or elected enhancements. Further, there are no vacancy rates projected in the budget.

Costs of Supplies, Contractual and Utilities are projected to grow at 3% each year; Maintenance Costs will increase at 4% each year; Sundry expenses will rise 2% each year; and Capital estimated.

General Fund Summary

TOTAL REVENUE	6,015,531	6,395,767	6,381,200	6,462,867	6,616,620	6,747,900	6,895,600	7,042,900	7,190,300	7,337,500
Personnel	3,393,305	3,900,324	4,387,580	4,239,790	4,639,145	4,792,200	4,977,500	5,172,900	5,378,900	5,596,500
Supplies	166,959	120,386	163,350	133,795	146,850	151,256	155,793	160,467	165,281	170,239
Contractual	850,364	830,115	960,780	976,365	959,325	988,105	1,017,748	1,048,280	1,079,729	1,112,121
Utilities	237,693	240,109	228,850	228,600	235,250	242,308	249,577	257,064	264,776	272,719
Sundry	262,285	298,115	270,740	246,695	264,450	269,739	275,134	280,636	286,249	291,974
Maintenance	322,019	272,110	328,900	322,325	317,600	330,304	343,516	357,257	371,547	386,409
Capital	29,468	1,152,159	41,000	53,200	54,000	50,000	50,000	50,000	50,000	50,000
Transfers	174,899	4,700	-	90,000	-	-	-	-	-	1,710
TOTAL EXPENDITURE	5,436,991	6,818,019	6,381,200	6,290,770	6,616,620	6,823,911	7,069,268	7,326,605	7,596,482	7,881,672
Revenues Over/(Under)										
Expenditures	578,539	(422,252)	(0)	172,097	0	(76,011)	(173,668)	(283,705)	(406,182)	(544,172)

The conclusion is that the General Fund is balanced in FY 2025 however, the forecast does expose the potential of revenue deficits increasing beyond FY 2025.

Utility Fund Summary

Total Revenue	4,570,901	4,528,365	4,477,100	4,913,625	5,064,950	5,189,200	5,338,800	5,491,600	5,647,400	5,806,300
EXPENDITURES										
Personnel	1,087,150	1,372,049	1,536,100	1,419,750	1,617,450	1,715,800	1,820,700	1,932,500	2,051,700	2,178,900
Supplies	512,956	598,071	503,300	677,775	522,950	538,640	554,800	571,440	588,580	606,240
Contractual	409,507	512,098	542,800	551,235	571,900	583,340	595,010	606,910	619,050	631,430
Utilities	374,414	468,399	437,150	430,200	429,600	446,780	464,650	483,240	502,570	522,670
Sundry	81,161	72,769	72,150	85,050	67,700	68,380	69,060	69,750	70,450	71,150
Maintenance	229,908	410,403	376,800	394,625	397,950	413,870	430,420	447,640	465,550	484,170
Capital	-	117,072	35,000	5,295	-	-	-	-	-	-
Transfers	635,458	979,484	973,800	1,020,500	1,457,400	1,476,700	1,492,200	1,507,700	1,523,400	1,540,200
TOTAL	3,330,553	4,530,345	4,477,100	4,584,430	5,064,950	5,243,510	5,426,840	5,619,180	5,821,300	6,034,760
Revenues Over/ (Under)										
Expenditures	1,240,349	(1,980)	-	329,195	0	(54,310)	(88,040)	(127,580)	(173,900)	(228,460)

Projected cost escalations are slightly different with the Utility Fund. The personnel increases are projected to be the same as the General Fund. However, Maintenance and Utility costs are expected to rise 4% each year; Contractual expenses will increase 2% each year, Supplies will increase 3% annually and Sundry will rise 1% each year.



The result of this exercise shows that there are potential issues with the Utility Fund and in the long term it does not adequately support non-debt funded capital asset improvements. This may be resolved through careful monitoring of expenses projected for constant growth; personnel compression – staffing levels and turnover could help to moderate the growth in personnel costs; capital in this model is assumed to be a constant and could be annually evaluated, and; revenue growth – actual revenues with the new proposed utility rate structure could be very different from the estimates projected.

FUND BALANCE

The City refined its Fund Balance Policy in FY 2019. The Policy directs fund balance be a minimum of 25% of annual expenditures; the policy establishes a goal of 30% or three months of expenditures. It is important to note that the fund balance position is not a true cash position. Included in the reported fund balance are various receivables and other non-cash assets.

GENERAL FUND	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
TOTAL REVENUE	6,015,531	6,395,767	6,381,200	6,462,867	6,616,620	6,747,900	6,895,600	7,042,900	7,190,300	7,337,500
TOTAL EXPENDITURE	5,436,991	6,818,019	6,381,200	6,290,770	6,616,620	6,823,911	7,069,268	7,326,605	7,596,482	7,881,672
Beginning Fund Balance	2,118,612	2,697,151	2,772,675	2,274,900	2,446,997	2,446,997	2,370,986	2,197,319	1,913,614	1,507,432
Revenues Over/(Under) Expenditures	578,539	(422,252)	(0)	172,097	0	(76,011)	(173,668)	(283,705)	(406,182)	(544,172)
Ending Fund Balance	2,697,151	2,274,900	2,772,675	2,446,997	2,446,997	2,370,986	2,197,319	1,913,614	1,507,432	963,260
Fund Balance Analysis										
Minimum Compliance - 25%	1,359,248	1,704,505	1,595,300	1,572,693	1,654,155	1,705,978	1,767,317	1,831,651	1,899,120	1,970,418
Target Goal - 30%	1,631,097	2,045,406	1,914,360	1,887,231	1,984,986	2,047,173	2,120,780	2,197,981	2,278,945	2,364,502
Compliance										
Actual % of Expenditures	50%	33%	43%	39%	37%	35%	31%	26%	20%	12%
Minimum 25%	198%	133%	174%	156%	148%	139%	124%	104%	79%	49%
Target 30%	165%	111%	145%	130%	123%	116%	104%	87%	66%	41%

For the forecast period, there are sufficient resources to allow the City to meet its minimum requirements in the Fund Balance Policy through FY 2028. The forecast indicates, given the assumptions, that the City should monitor staffing levels, revenue policy, and expenditure control measures to progress through the forecast period with a compliant fund balance.



DEBT SERVICE

The City has three debt instruments supported by property tax and the Utility Fund supports four. The Forecast allows some indication of need and use of other funding sources to minimize fluctuation of the I&S portion of the tax rate. The need for utility supported debt is also planned for stable annual payments. FY 2022 concluded annual obligations for debt payments by the HOT Fund toward the 2007 COs for construction of the John D. Windham Civic Center and a Lease-purchase for Law Enforcement Technology software and hardware. The only other debt instrument of the City is a lease-purchase obligation within the Vehicle Replacement Fund for major equipment acquisition.

The City also issued its most recent debt in 2019 to fund the Downtown Revitalization projects. The 2021 Refunding of the callable amounts of the 2011 COs resulted in annual savings but produced no additional proceeds for new capital projects. Other resources will be transferred to the Debt Fund to further reduce tax levy required for debt obligations. The forecast period's total debt schedule is shown below including contributions from other potential sources, the Park Fund and Street EDC.

Year	General Fund Supported Debt - Total Principal and Interest Payment											
	2011 CO's	2012 Refunding	2016 CO's	Technology	2019 CO's	2021 Refunding	Total Debt Service	Ad Valorem Agent Fees	Park Fund Transfer	Transfer from 4B EDC	Transfer from H/M	Annual Total
2025	-	-	66,041		235,550	465,850	767,441	\$ 1,555	-	-	-	768,995
2026	-	-	65,866		239,550	463,988	769,403	\$ 1,559	-	(100,000)	-	670,962
2027	-	-	64,891		234,350	471,400	770,641	\$ 1,560	-	(100,000)	-	672,201
2028	-	-	66,294		239,150	462,600	768,044	\$ 1,556	-	(100,000)	-	669,600
2029	-	-	66,263		238,550	463,700	768,513	\$ 1,556	-	(100,000)	-	670,069
2030	-	-	65,938		237,750	464,600	768,288	\$ 1,557	-	(142,000)	-	627,844

Utility supported debt instruments is indicated in the following table:

Year	2016 CO's	2019 CO's	2024 CO's	2012 TWDB Bonds	Utility Total
FY 2025	198,122	145,475	490,300	126,400	960,297
FY 2026	197,597	140,975	489,930	129,278	957,780
FY 2027	194,672	147,375	488,950	127,003	958,000
FY 2028	198,881	138,375	492,360	129,566	959,182
FY 2029	198,788	144,575	489,855	126,915	960,133
FY 2030	197,813	140,375	491,740	129,065	958,993
FY 2031	196,725	147,750	487,710	126,040	958,225



FY 2025 BUDGET PHILOSOPHY

The City Council annually adopts a spending and revenue collection plan to fund service provision for the citizens and businesses of Center. Over the long term, the Council has made taxing and spending decisions operating with established principles or philosophical foundation. These values provide guidance for staff in developing the City's budget.

1. To merge comprehensive and strategic plan components to the annual operating budget.
2. Focus on the long-term financial stability of the organization while recognizing and addressing immediate and short-term challenges
3. The alignment of organizational priorities to focus efforts on those capital projects that will affect long term growth of the City. These projects include
 - a. Quality of life projects (parks, athletic facilities, sidewalks, and trails) that seek to make Center a more desirable place to live, and
 - b. Sustainable growth projects (utility enhancement, system upgrade, and street renovation)
4. Ensuring a competitive city workforce by maintaining a competitive pay and benefits schedule.
5. Providing a reasonable property tax rate that minimizes the tax burden on citizens and commercial property while seeking to minimize tax rate fluctuation.
6. Enhancing levels of service to meet citizen expectations.
7. The moderate growth of financial reserves to a targeted level to ensure that the city has sufficient cash to continue operations to provide uninterrupted services during times of disaster or short-term disruption of income.
8. Be good stewards of the taxpayer's money by maintaining a balanced budget and solid credit rating with full financial transparency.



FY 2025 BUDGET FISCAL HEALTH ANALYSIS

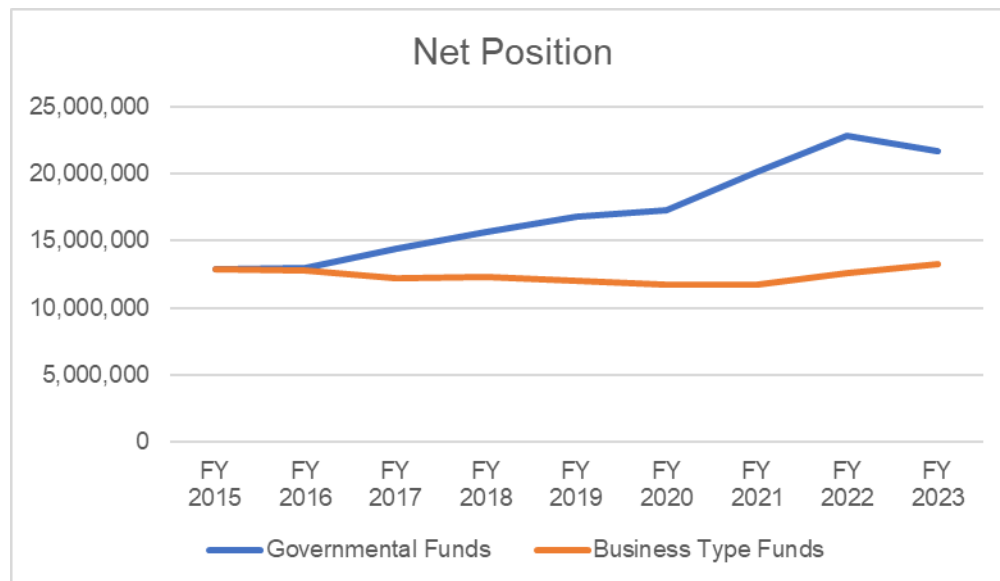
One of the functions of a budget document is to describe the City's financial plan – a component part of that is to conduct an analysis of the City's financial health. The purpose of this section is to provide a sampling of generally accepted metrics of fiscal conditions and then curate the City's audit reports and financial data to create measures of fiscal health.

Even though the City is required by Charter to adopt a balanced budget, the City should strive for both prudent management and fiscal health. This is further reinforced by the Council's continuing desire for financial sustainability. This section is broken down by the different metrics, a brief description of each, a presentation of the data, and an analysis of the trends.

Net Position

The City's net position reflects the City's equity (Assets minus Liabilities) on the balance sheet. This is the number that best describes how the City is performing if it were a private business. The trend for the Governmental Type activities is a substantial increase since 2016, while the Business Type activities are relatively stable and track with capital improvements versus depreciation.

City Net Position	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Governmental Funds	12,866,454	12,988,505	14,425,297	15,667,994	16,819,796	17,229,019	20,126,115	22,767,605	21,658,445
Business Type Funds	12,836,051	12,814,761	12,223,066	12,286,698	12,017,507	11,709,522	11,687,509	12,598,988	13,246,458



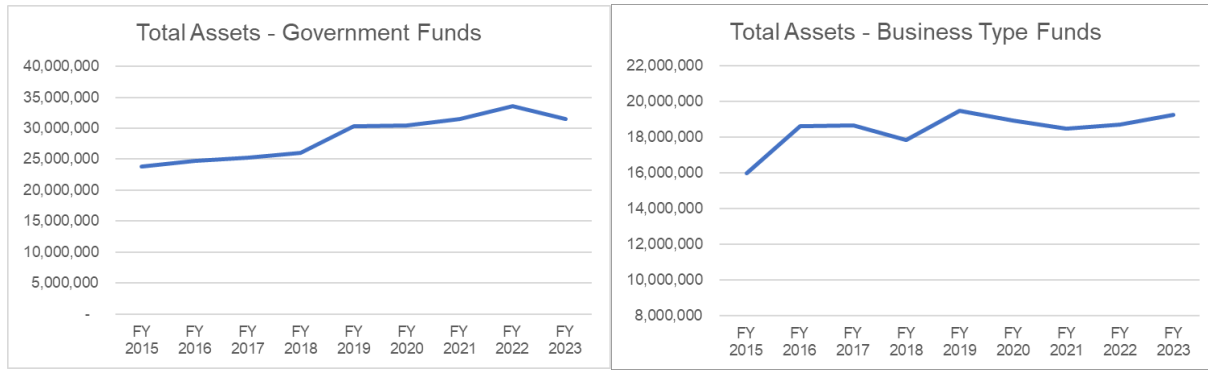
Total Assets

A component part of the City's net position is the amount of assets that the City possesses. These assets are not just cash and investments held by the City, but also includes all infrastructure, facilities, plants, land, and buildings. As far as fiscal analysis is concerned, this is the primary indicator for growth. Governmental and Business Type activities show growth from FY 2015 to FY 2023.

Total Assets	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Governmental Funds	23,832,612	24,686,907	25,205,814	26,008,732	30,324,136	30,389,628	31,535,338	33,517,352	31,533,108
Business Type Funds	15,990,579	18,617,838	18,647,519	17,841,381	19,468,988	18,942,451	18,469,648	18,722,271	19,242,274



The amount of total assets presented in the table above includes both liquid, cash and investments, and capital assets. The visible increases in the charts below indicate inflow of liquid assets, most likely from the issuance of debt instruments and the subsequent activity that converts those funds into capital assets (parks, utility lines, water tanks, buildings, streets, etc.).



Cash to Current Liabilities

Comparing the amount of the City's liquidity to its Current Liabilities (Those liabilities that are payable within one year) represents a measure of the City's ability to pay its' immediate obligations. If this ration is low, the City has a high amount of liquidity. If the ratio is higher particularly over 100%, the City might have a difficult time gathering sufficient cash to meet its short-term needs.

General Fund Cash to Liabilities	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General Fund Cash/Equivalents	1,348,000	1,054,372	1,370,282	1,448,670	1,795,418	1,991,507	2,626,990	2,854,030	2,264,519
General Fund Current Liabilities	337,040	201,106	258,208	235,964	356,809	212,440	448,564	265,983	166,495
Total Governmental Liabilities	10,624,038	10,957,814	10,220,162	10,022,688	12,762,752	12,015,461	10,571,767	9,575,022	10,337,801
Cash to Current Liabilities	25%	19%	19%	16%	20%	11%	17%	9%	7%

Utility Fund Cash to Liabilities	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Utility Fund Cash/Equivalents	442,696	500,446	1,202,611	1,062,156	967,854	1,067,397	1,303,693	1,495,072	1,493,182
Utility Fund Current Liabilities	554,133	469,271	1,039,885	526,418	624,086	934,587	941,651	820,347	794,659
Utility Fund Total Liabilities	3,258,519	6,094,041	6,350,330	5,224,625	7,283,078	7,027,218	6,653,444	6,278,577	6,161,711
Cash to Current Liabilities	125%	94%	86%	50%	64%	88%	72%	55%	53%

General Fund Balance

One of the most easily identifiable financial metrics is the City's General Fund Balance. This is the amount of funds held in reserve by the City in case of an emergency or economic correction that would affect tax revenue. The City's Fund Balance Policy in Appendix C states that the City should have a certain amount of money held in reserve. The City has exceeded its minimum fund balance policy since FY 2016.

AUDITED FIGURES	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General Fund Fund Balance	1,464,517	1,082,056	1,583,305	1,543,300	1,774,351	2,118,612	2,522,079	3,101,811	2,702,520
General Fund Expenditures	5,433,290	4,592,325	4,445,060	4,611,076	4,927,832	4,844,339	5,273,270	5,262,109	6,922,319
% FB to Expenditures	27.0%	23.6%	35.6%	33.5%	36.0%	43.7%	47.8%	58.9%	39.0%
Policy Minimum	25%	25%	25%	25%	25%	25%	25%	25%	25%
Policy Optimum	33%	33%	33%	33%	33%	33%	33%	33%	33%

Debt Levels

The City's General Fund and Utility Fund have two different methods to calculate the policy limitations on how much debt can be issued at any given time. The General Fund places a limitation that outstanding principal shall not exceed 4% of the City's total taxable value. The Utility Fund shall not pay more than 20% of the total budget to debt payments. The General Fund approached the 4% limit in 2019 following



the issuance of Certificates of Obligation (CO's) primarily to fund the Downtown Renewal project, whereas the Utility Fund is well below the 20% threshold.

General Fund Debt Analysis	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
City's Taxable Value	263,621,780	280,829,746	280,224,688	279,923,149	282,534,449	298,213,144	294,829,703	310,540,559	337,390,920
Total Principal Outstanding	6,900,000	7,455,000	6,955,000	6,440,000	10,038,750	9,833,750	8,738,750	8,573,512	8,074,978
Debt Policy Limit - 4%	10,544,871	11,233,190	11,208,988	11,196,926	11,301,378	11,928,526	11,793,188	12,421,622	13,495,637
Principal Outstanding to Taxable	2.6%	2.7%	2.5%	2.3%	3.6%	3.3%	3.0%	2.8%	2.4%
Utility Fund Debt Analysis	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Utility Fund Operating Revenues	3,689,121	3,670,280	3,681,385	3,821,141	3,621,018	3,768,299	3,773,361	4,517,688	4,442,124
Non Operating Revenue	(43,288)	(45,116)	119,766	229,752	328,641	(155,561)	(170,465)	455,791	116,595
Total Revenue	3,645,833	3,625,164	3,801,151	4,050,893	3,949,659	3,612,738	3,602,896	4,973,479	4,558,719
Contribution Limit 20%	729,167	725,033	760,230	810,179	789,932	722,548	720,579	994,696	911,744
Annual Fund Debt Transfers	490,500	231,250	390,000	366,000	350,000	471,500	475,000	473,000	469,100
Debt Transfer Percentage	13.5%	6.4%	10.3%	9.0%	8.9%	13.1%	13.2%	9.5%	10.3%

The following table summarizes the different fiscal condition metrics – the general conclusion is that the City is in excellent financial condition and should be able to withstand most fiscal issues and be able to allow for expanded services in the near future.

<u>Metric</u>	<u>Fund/Type</u>	<u>Condition</u>	<u>Trend</u>
Net Position	Governmental Type	Good	Stable
	Business Type	Good	Stable
Total Assets	Governmental Type	Good	Stable
	Business Type	Good	Improving
Cash to Current Liabilities	General Fund	Exceeds	Improving
	Utility Fund	Good	Improving
Fund Balance	General Fund	Good	Stable
Debt Limits	General Fund	Fair	Improving
	Utility Fund	Good	Stable

Recommendations:

Increasing Business Type activities net position by improving the amount of cash and investments.

Minimize reduction caused by depreciation by adding increased asset values, primarily through reinvestment in or replacement of capital assets.

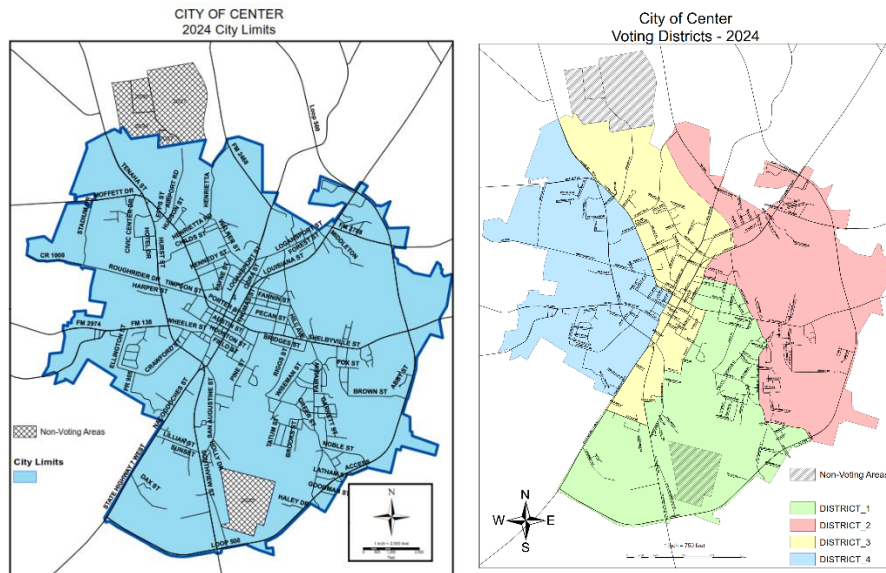
Monitor Governmental Debt levels to ensure continued reductions in ratio of outstanding principal to Taxable Value and minimize capital project funding by debt.

Maintain Fund Balance levels above minimum to ensure stable bond rating analysis.

FY 2025 BUDGET PROFILE OF CENTER, TEXAS



Although the FY 2025 budget is primarily a financial document, it is also an opportunity to acquaint the reader with some of the history, highlights, facilities, and economy of Center, which make it a great place to visit, live, work and do business.



City Government

The City of Center operates under a Home Rule Charter with a Council-Manager form of government. The governing body, the Center City Council, is composed of a Mayor, two council members elected “at-large” by city-wide elections, and four members elected from single-member districts. The Mayor and Council members serve staggered two-year terms. The Mayor and Council are responsible for casting a vision and direction for the city, enacting legislation in the form of ordinances and resolutions, adopting and amending budgets, making appointments to the boards and commissions, and determining the general policies of the City.

The Center City Council meets on the second and fourth Mondays of each month at 5:00 in the council chambers at City Hall, located at 617 Tenaha Street in Center, Texas.



History of Center

Shelby County was one of the original thirteen counties in Texas, being organized by the Republic of Texas Congress in 1837. The county was named for Isaac Shelby, an American military hero and Governor of Kentucky. Shelby County eventually became one of the most populous and prosperous counties in the state because of its proximity to Louisiana and location along the Sabine River.

The settlement in the area was originally called White Cottage with a post office established on April 6, 1848 that was ultimately merged with the Center post office opened in October 1866.

Al Johnson, an East Texas state representative, introduced a bill to have all county seats be as close to the center of the county as possible. R.L. Parker, the County Clerk at the time, arranged to have the county surveyed and the center located. A vote was held in Shelby County to move the seat of county government from Shelbyville, the original county seat, to the center of the county. The result of the vote was in favor of relocating the county seat. The people in Shelbyville organized to protect the county records. However, one night in 1866, a group of men led by Parker entered into the courthouse, confiscated all of the records and relocated them to a log cabin near the White Cottage community. Shortly after the incident, the location became known as Center, primarily to reflect the requisite location of the county seat.

In 1869, Jesse Amason donated fifty acres of land for the town site of Center.

On the night of May 31, 1882, a fire erupted at the courthouse and the building was a complete loss. The county contracted with J.J.E. Gibson, an Irish immigrant, to construct a new courthouse and jail. In November 1885, the new courthouse was completed and remains standing to this day. The courthouse serves as an icon in the downtown city square and has been the hub of commerce and public life.



1885 Shelby County Irish Castle Courthouse – Downtown Center

The City of Center was incorporated in 1893, however, the result of this incorporation was dissolved and the city was reincorporated by means of another charter election in 1901. The city developed and adopted a home rule charter that became effective on April 7, 1984.

Economy of Center

This section provides a brief snapshot of the Center and Shelby County economy. The topics discussed will be population change in Shelby County including how this population change occurred, the size of the local labor force and the unemployment rate, and per capita and household income. Finally, data will be

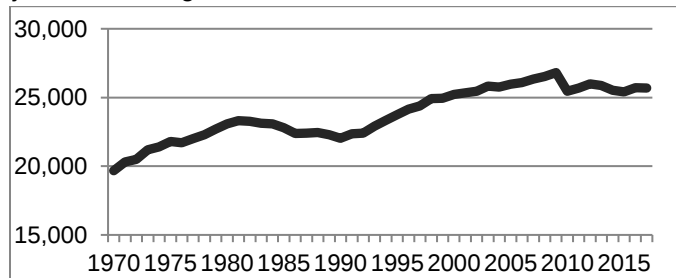


presented which will describe the different industry clusters in Shelby County and the location quotients of the County.

The economy of Center has evolved through four distinct stages. The first stage was cotton; Center boasted a number of cotton gins. Cotton production eventually was superseded by timber production; there were two pulpwood mills located in the city. In the 1950's the poultry industry was introduced in Center as the timber industry became less lucrative. In the early 2000's, the Haynesville Shale gas formation was discovered in Shelby County and natural gas production activity became a staple of the economy. One of the recurring trends illustrated in this section is just how bound Shelby County's economy is to the State of Texas. This is indicated in nearly all of the economic factors discussed below.

Population

The 2020 Census population of Center was 5,221 and that of Shelby County was 24,002. Center has typically followed the same growth patterns as Shelby County over the last 40 years. As graph 1 indicates, the population of the county has grown 36% over this time period, representing about a 1% increase each year. The population adjusted following the 2010 census and has since stabilized.



Graph 1 – Population trends in Shelby County 1970-2017
Source: Texas Workforce Commission

The first peak in population in the late 1970's and early 1980's represents a relative prosperous time in the State of Texas prior to the oil bust. The population of the county continued to decline through the late 1980's until making a correction in the early 1990's. The trend of population growth has increased since then, reflecting the overall population growth and demographic changes in the State of Texas. The current trend is that Shelby County struggles with population growth, which is part of the larger trend of rapid urbanization in Texas and population moving from rural areas.



Tyson Foods is the largest employer in Center

Major Employers

The Center local economy has a relatively strong industrial base. In the Deep East Texas region, Center is the only small city with an employer that has over 1,000 team members on site. In addition, there is also a healthy mix of small and medium sized businesses. List major employers in the Center area.

Employer	Product	Number of Employees
Tyson Foods	Poultry	1,700
Center Independent School District	Education	400
Wal-Mart Supercenter	Retail	281
Port-A-Cool LLC	Manufacturing	135
Shelby County	Government	130
Holiday Nursing	Health Care	93
General Shelters of Texas	Manufacturing	85
Pine Grove Nursing	Health Care	81
City of Center	Government	79
Green Acres Nursing	Health Care	72
Hallmark – Center Fixture Operations	Manufacturing	54
Spartan Structures	Manufacturing	50
Nacogdoches Medical – ER Department	Health Care	49

Source: Shelby County Chamber of Commerce

These two points of data indicate the strength of the agricultural and manufacturing base in Shelby County.



Portacool, LLC is the second largest manufacturer including its' World Headquarters in Center



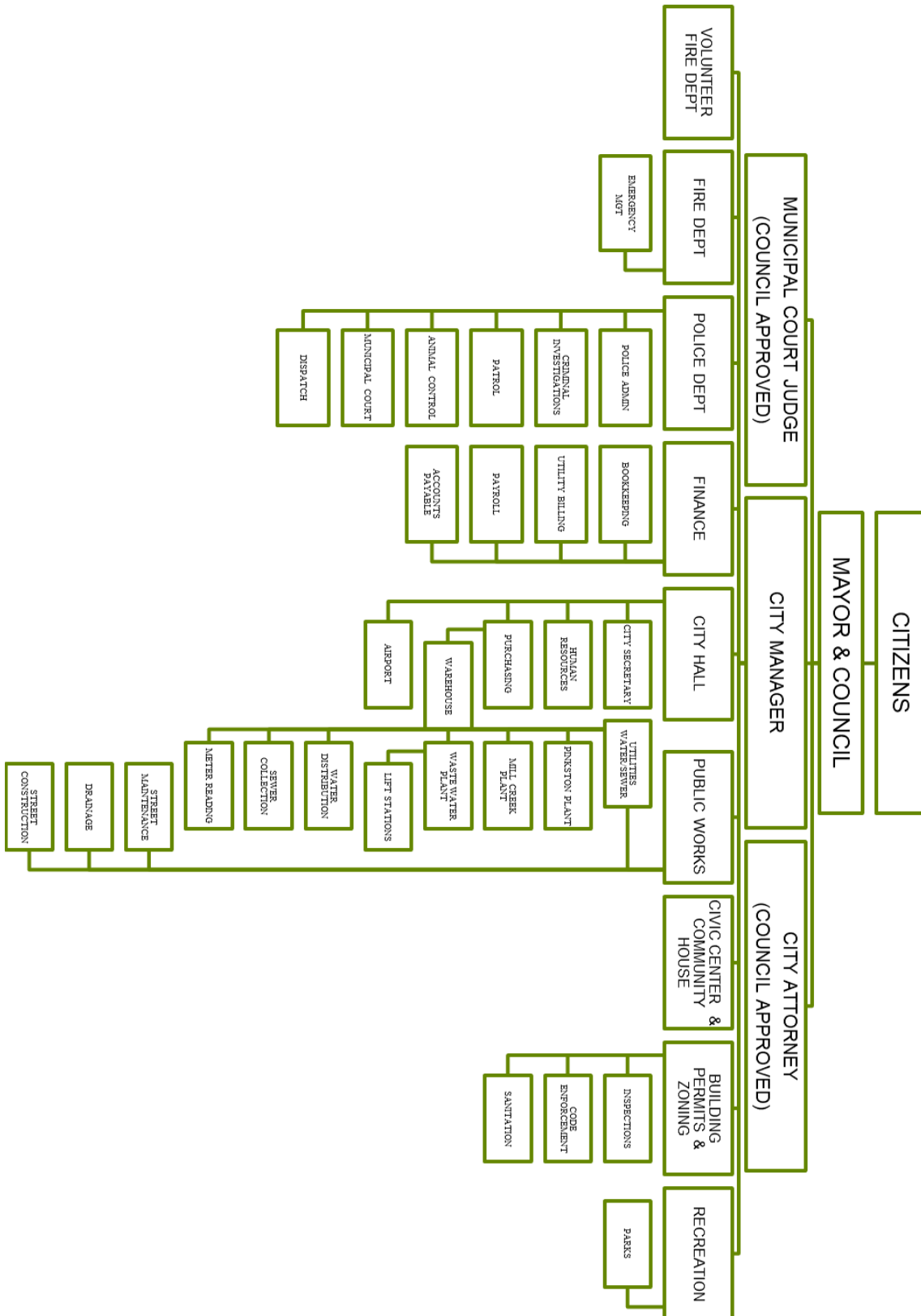
Building Permits as an Indicator

As a source of municipal revenue, building permit receipts are not a major contributor to City coffers. However, they can be used as a measure of the City's growth patterns. Up to 2007, there were not many permits issued and their value was not great. Corresponding to the oil and gas development activity following 2007, there was a surge in the number of building permits issued and with higher values. Much of the commercial values reflected in Table 4 represent the recent hotel construction activity.

Year	Residential		Commercial/Industrial		Total	
	# Permits	\$ Value	# Permits	\$ Value	# Permits	\$ Value
2003	3	10,150	7	291,100	10	301,250
2004	33	2,811,090	6	8,660,000	39	11,471,090
2005	4	441,710	11	2,311,000	15	2,752,710
2006	3	21,500	7	3,745,754	10	3,767,710
2007	15	738,800	11	535,160	26	1,273,960
2008	11	686,513	23	13,104,921	34	12,781,434
2009	10	499,359	25	13,989,157	35	14,488,516
2010	10	2,005,614	16	2,233,795	26	4,239,409
2011	10	470,000	18	22,774,492	28	23,244,492
2012	19	1,269,866	12	4,205,686	31	5,475,552
2013	13	803,350	4	854,000	17	1,657,350
2014	9	376,445	9	4,741,266	18	5,117,711
2015	13	60,419	3	1,294,900	16	1,355,319
2016	20	227,051	11	2,810,851	31	3,037,902
2017	15	312,659	14	874,034	29	1,186,693
2018	12	70,135	6	2,188,800	18	2,258,935
2019	16	421,779	33	9,397,905	49	9,819,684
2020	23	601,566	18	11,178,359	41	11,779,925
2021	16	893,520	33	6,698,479	49	7,591,999
2022	31	648,139	26	11,682,992	57	12,331,131
2023	18	399,100	10	14,768,989	28	15,168,089

Table – Building permits issued
Source: City of Center

There was large increase in building permit activity in 2019 with some major industrial construction and several minor commercial construction activities. During 2020, the City experienced yet another round of increase in value with industrial site expansions while one major commercial project in 2021 helped maintain overall construction activity levels. 2022 and 2023 commercial values are predominately attributable to major Center ISD improvement projects with internal renovation of the Portacool manufacturing plant facility and some retail/commercial new construction.





**FY 2025 BUDGET
STAFFING CHART**

Department	Job Title	FY 2022 Adopted Budget	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2025 Proposed Budget
City Hall (Includes annex and warehouse)	City Manager	1	1	1	1
	Asst. City Manager	0	0	0	0
	City Secretary	1	1	1	1
	Finance/Budget Manager	1	1	1	1
	Purchasing Agent	1	1	1	1
	HR Administrator/Cust. Srv.	1	1	1	1
	Accounting Administrator	1	1	1	1
	Clerks (including Part Time)	4.5	6	6.25	6.5
	Subtotal - City Hall	10.5	12	12.25	12.5
Police Department	Police Chief	1	1	1	1
	Asst. Chief	0	1	1	1
	Lieutenant	1	1	1	1
	Sergeant – Patrol	3	1	1	1
	Detective - Sergeants	3	3	3	3
	Patrol Corporal	2	2	2	2
	Patrol Officer	9	10	10	10
	Warrant Officer/Bailiff	0	0	0	0
	Dispatchers	5.5	5.5	5.5	6
	Admin. Assistant	1	1	2	2
	Janitor	1	1	1	1
	Subtotal - Police Department	26.5	26.5	27.5	28
Fire Department	Fire Chief	1	1	1	1
	Fire Fighter/Investigator	1	1	1	1
	Fire Fighter	4	4	4	4
	Subtotal - Fire Department	6	6	6	6
Street Department	Foreman/Superintendent	0.5	0.5	0.5	0
	Street Maintenance	4.25	4.5	4	5
	Facility Maintenance	0	0	0.5	0.5
	Subtotal - Street Department	4.75	5	5	5.5
Municipal Airport	Airport Manager	0.5	0.5	0.5	0.5
	Subtotal - Airport	0.5	0.5	0.5	0.5
Parks Department	Parks Maintenance	2	2.25	2.25	2.5
	Parks Supervisor	0.5	0.5	0.5	0.5
	Subtotal - Parks	2.5	2.75	2.75	3
Inspection Services	Building Official/ Code Officer	1	1	1	1
	Code Compliance Officer	0	0	0	0
	Subtotal - Inspection Services	1	1	1	1
Municipal Court	Court Clerk	1	1	1	1
	Subtotal – Municipal Court	1	1	1	1



Civic Center	Civic Center Director	1	1	1	1
	Assistant Director	0	0	0	0
	Maintenance PT	0.5	0.5	0.5	0.5
	Subtotal - Civic Center	1.5	1.5	1.5	1.5
TOTAL GENERAL FUND		55.25	56.25	58.5	59
RECREATION FUND					
	Recreation Program Director	0.5	0.5	0.5	0.5
	Recreation Program Coordinator	0.5	0.5	0.25	0
TOTAL RECREATION FUND		1	1	0.75	0.5
TECHNOLOGY FUND					
	Information Technology Specialist	1	1	1	1
TOTAL TECHNOLOGY FUND		1	1	1	1
UTILITY FUND					
Water Production	Chief Operator	1	1	1	1
	Lead Operator	0	1	1	0
	Plant Operator	8	7	8	8
	Monitoring Technician	0	0	0	0
	Subtotal - Water Production	9	9	10	9
Water Distribution	Equipment Operator	1	1	1	1
	Maintenance	1	1	1	1
	Meter Reader/Maintenance	1	1	1	1
	Monitoring Technician	1	1	1	1
	Subtotal - Water Distribution	4	4	4	4
Sewer Collection	Equipment Operator	0	0	0	0
	Maintenance	2	2	3	3
	Subtotal - Sewer Collection	2	2	3	3
Sewer Treatment	Chief Operator	1	1	1	1
	Plant Operator	2	2	2	2
	Electrician/Plant Operator	1	1	1	1
	Subtotal - Sewer Treatment	4	4	4	4
Public Works	Public Works Director	1	1	1	1
	Plumbing Inspector/Compliance	1	1	1	1
	Public Works Superintendent	0	0.5	0.5	1
	Public Works Admin Asst.	0.5	0	0	0
	Monitoring Technicians	0	0	0	0
	Subtotal - Public Works	2.5	2.5	2.5	3
TOTAL UTILITY FUND		23	21.5	23.5	23
TOTAL CITY EMPLOYEES (FTEs)		78.75	79.75	83.75	83.5



**FY 2025 BUDGET
CONSOLIDATED ALL FUNDS
(Includes Component Units)
HISTORICAL/FORECAST**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
BEGINNING FUND BALANCE	7,466,857	10,267,195	10,218,638	9,506,903	9,981,884	10,508,703	10,720,840	11,102,709	10,782,027
REVENUES									
Taxes	6,393,961	6,760,470	7,108,528	7,291,880	7,377,060	7,563,510	7,751,280	7,912,900	8,070,900
Permits and Licenses	30,613	40,642	36,550	40,100	15,000	15,000	15,000	15,000	15,000
Charges for Service	7,660,750	8,113,657	8,453,221	8,960,292	9,247,420	9,506,400	9,757,840	10,019,530	10,240,770
Fines and Penalties	229,838	190,552	228,404	246,900	254,630	261,920	269,210	277,500	285,790
Interest	84,766	529,519	484,800	402,590	372,080	398,170	408,580	425,880	415,490
Miscellaneous Receipts	151,822	185,158	388,063	133,027	108,887	109,508	110,117	75,835	75,440
Grants	325,122	123,741	117,775	42,250	108,250	108,250	108,250	108,250	50,000
Transfers	1,803,253	1,322,400	1,344,100	1,682,200	1,820,700	1,831,900	1,844,100	1,856,100	1,908,900
Total Revenues	16,680,124	17,266,140	18,161,441	18,799,239	19,304,027	19,794,658	20,264,377	20,690,995	21,062,290
TOTAL RESOURCES	24,146,982	27,533,334	28,380,079	28,306,141	29,285,911	30,303,361	30,985,217	31,793,704	31,844,317
EXPENDITURES									
Personnel	4,601,958	5,398,057	5,790,569	6,396,695	6,652,920	6,948,130	7,260,440	7,590,950	7,941,260
Supplies	737,497	771,406	840,930	706,600	728,756	750,543	772,977	796,081	819,879
Contractual	3,003,878	4,307,620	5,947,315	3,999,669	4,001,707	4,084,181	3,975,526	4,061,815	4,178,132
Utilities	612,107	735,203	685,900	691,850	716,888	742,827	769,804	797,746	826,689
Sundry	349,526	378,064	346,005	363,250	407,789	414,484	420,196	427,129	433,074
Maintenance	561,885	757,647	721,450	719,550	848,214	778,016	809,017	941,257	874,789
Capital	1,050,681	2,244,376	1,787,264	1,851,001	1,426,284	1,652,464	1,654,306	2,143,094	2,051,707
Fund Transfers	1,195,357	1,354,183	1,484,400	1,836,180	1,885,743	1,901,510	1,917,290	1,933,280	1,952,090
Debt Service	1,766,900	1,368,139	1,269,343	1,759,463	1,858,908	1,860,366	1,858,951	1,832,145	1,872,780
Total Expenditures	13,879,787	17,314,696	18,873,176	18,324,257	18,527,208	19,132,521	19,438,508	20,523,497	20,950,400
REVENUE OVER/ (UNDER) RESOURCES	2,800,337	(48,556)	(711,736)	474,982	776,819	662,137	825,869	167,498	111,890
PROJECTED FUND BALANCE	10,267,195	10,218,638	9,506,903	9,981,884	10,758,703	11,170,840	11,546,709	11,270,207	10,893,917

These figures are the consolidation of all funds budgeted under authority of the City of Center, including component units and internal service funds, to give a general picture of the overall annualized spending projections of all activities.



**FY 2025 BUDGET
CONSOLIDATED GOVERNMENTAL FUNDS**

		Major Fund			Minor Funds				
	TOTAL	General Fund	Debt Service	HOT Fund	Rec Fund	TIF Fund	Park Fund	Permanent Funds	Law Enforce Special Funds
BEGINNING FUND BALANCE	4,174,767	2,451,497	135,987	998,427	908	227,175	42,692	175,960	146,261
REVENUES									
Taxes	5,650,980	4,370,600	767,440	482,300		30,640		-	-
Permits/Licenses	40,100	40,100						-	-
Charges for Service	1,174,250	1,092,050			82,200	-		-	-
Fines/Penalties	246,900	232,550						-	14,350
Interest	181,140	112,100	5,400	39,900	-	9,100	1,700	7,040	5,700
Misc Receipts	107,190	49,220	-	-	17,700	31,020	8,250	-	1,000
Transfers	1,682,200	720,000	962,200	-	-	-	-	-	-
Total Revenues	9,082,560	6,616,620	1,735,040	522,200	99,900	70,760	9,950	7,040	21,050
TOTAL RESOURCES	13,257,326	9,063,617	1,871,027	1,520,627	100,808	297,935	52,642	183,000	167,670
EXPENDITURES									
Personnel	4,692,945	4,639,145			53,800			-	-
Supplies	188,950	146,850		10,000	32,100	-	-	-	-
Contractual	1,027,825	959,325		58,000	10,500	-	-	-	-
Utilities	235,250	235,250		-	-	-	-	-	-
Sundry	267,950	264,450		-	2,500	-	-	-	1,000
Maintenance	318,600	317,600		-	1,000	-	-	-	-
Capital	56,750	54,000		-	-	-	-	-	2,750
Fund Transfers	118,780	-	-	110,000		-	-	-	8,780
Debt Service	1,759,463	-	1,731,238	-		28,225	-	-	-
Total Expenditures	8,666,512	6,616,620	1,731,238	178,000	99,900	28,225	-	-	12,530
REVENUE OVER/ (UNDER) RESOURCES	416,048	0	3,803	344,200	-	42,535	9,950	7,040	8,520
PROJECTED FUND BALANCE	4,590,814	2,446,997	139,790	1,342,627	908	269,710	52,642	183,000	155,140



FY 2025 BUDGET
CONSOLIDATED BUSINESS TYPE; INTERNAL SERVICE FUNDS & COMPONENT UNITS

	Business Type Activities			Internal Service Funds			Component Units		
	TOTAL	Utility Fund (Major)	Solid Waste Fund (Major)	TOTAL	VER Fund	Tech Fund	CEDC 4A	Street EDC	Local Gov't Corp
BEGINNING FUND BALANCE	1,798,735	1,273,216	525,519	802,475	503,847	298,629	782,388	1,877,480	48,952
REVENUES									
Taxes	-	-	-	-	-	-	547,000	1,093,900	-
Permits and Licenses	-	-	-	-	-	-	-	-	-
Charges for Service	7,077,700	4,948,950	2,128,750	708,342	447,510	260,832	-	-	-
Fines and Penalties	-	-	-	-	-	-	-	-	-
Interest	95,000	74,000	21,000	32,050	20,150	11,900	18,200	75,100	2,000
Miscellaneous Receipts	42,000	42,000	-	15,000	15,000	-	4,587	-	6,500
Transfers	-	-	-	-	-	-	-	-	-
Total Revenues	7,214,700	5,064,950	2,149,750	755,392	482,660	272,732	569,787	1,169,000	8,500
TOTAL RESOURCES	9,013,435	6,338,166	2,675,269	1,557,868	986,507	571,361	1,352,175	3,046,480	57,452
EXPENDITURES									
Personnel	1,617,450	1,617,450	-	86,300	-	86,300	-	-	-
Supplies	523,950	522,950	1,000	3,700	-	3,700	-	-	-
Contractual	2,456,580	571,900	1,884,680	130,864	88,981	41,883	374,300	4,500	2,750
Utilities	429,600	429,600	-	27,000	-	27,000	-	-	-
Sundry	82,700	67,700	15,000	600	-	600	11,000	1,000	-
Maintenance	397,950	397,950	-	-	-	-	3,000	-	-
Capital	-	-	-	749,251	607,410	141,841	-	1,045,000	-
Fund Transfers	1,657,400	1,457,400	200,000	-	-	-	30,000	30,000	-
Debt Service	-	-	-	-	-	-	-	-	-
Total Expenditures	7,165,630	5,064,950	2,100,680	997,715	696,391	301,324	418,300	1,080,500	2,750
REVENUE OVER/ (UNDER) EXPENSES	49,070	-	49,070	(242,323)	(213,731)	(28,592)	151,487	88,500	5,750
PROJECTED FUND BALANCE	1,847,805	1,273,216	574,589	560,153	290,116	270,037	933,875	1,965,980	54,702



FY 2025 BUDGET GENERAL FUND OVERVIEW

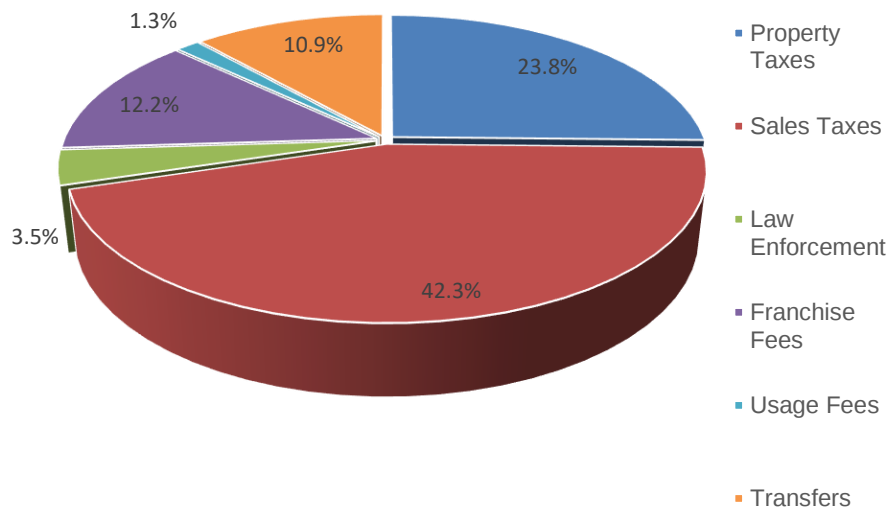
The General Fund provides financing for the City's governmental services, which consist of all public safety functions, including police, animal control, and fire services; community services, including streets, parks, inspections, planning, library, airport and code enforcement; and administrative functions, which includes general management, finance, human resources and purchasing. The City's main governmental buildings are maintained and operated as assets within the General Fund. General Fund services exclude water and wastewater utility, solid waste, and recreation program operations.

General Fund revenues come from multiple sources but are mostly derived from sales taxes on the purchases of goods and services within the City. The City's largest expenditure category is compensation to City personnel who ensure the provision of the services mentioned. The modified accrual basis of accounting is used for the General Fund.

GENERAL FUND REVENUE

The City of Center receives operating revenue from multiple sources. Much like a well-organized business, the City does not solely rely on one large revenue source, but rather, the revenue is diversified.

Graph 1 and Table 1 both illustrate how the vast majority, 89%, of general fund revenues are collected from four categories: sales tax receipts, property tax payments, fund transfers, and franchise fees.



Graph 1 - FY 2025 Proposed Budget – Major Revenue Sources



Largest Revenue Sources

Sales Taxes	2,798,600	42.3%
Property Tax	1,572,000	23.8%
Transfers	720,000	10.9%
Franchise Fees	811,100	12.3%
Total	5,901,700	

Total Revenue 6,616,620

Table – 1 - Top City Revenue Sources

Sales Taxes

The largest source of City revenue is from sales tax receipts, which are projected to account for 42.3% of the City's general fund revenue with FY 2025 budgeted at \$2,798,600, which is a 2% increase from the FY 2024 estimate. Please see table 2 for a description of historic total City sales tax receipts, which is the full 2% local option collected by the City.

FY 2013 Actual	3,022,640
FY 2014 Actual	2,977,904
FY 2015 Actual	2,987,519
FY 2016 Actual	3,069,326
FY 2017 Actual	3,055,709
FY 2018 Actual	3,199,187
FY 2019 Actual	3,353,326
FY 2020 Actual	3,517,648
FY 2021 Actual	3,763,036
FY 2022 Actual	3,969,854
FY 2023 Actual	4,310,511
FY 2024 Estimate	4,376,600
FY 2025 Proposed	4,464,200

Table 2 – Total City sales tax receipts

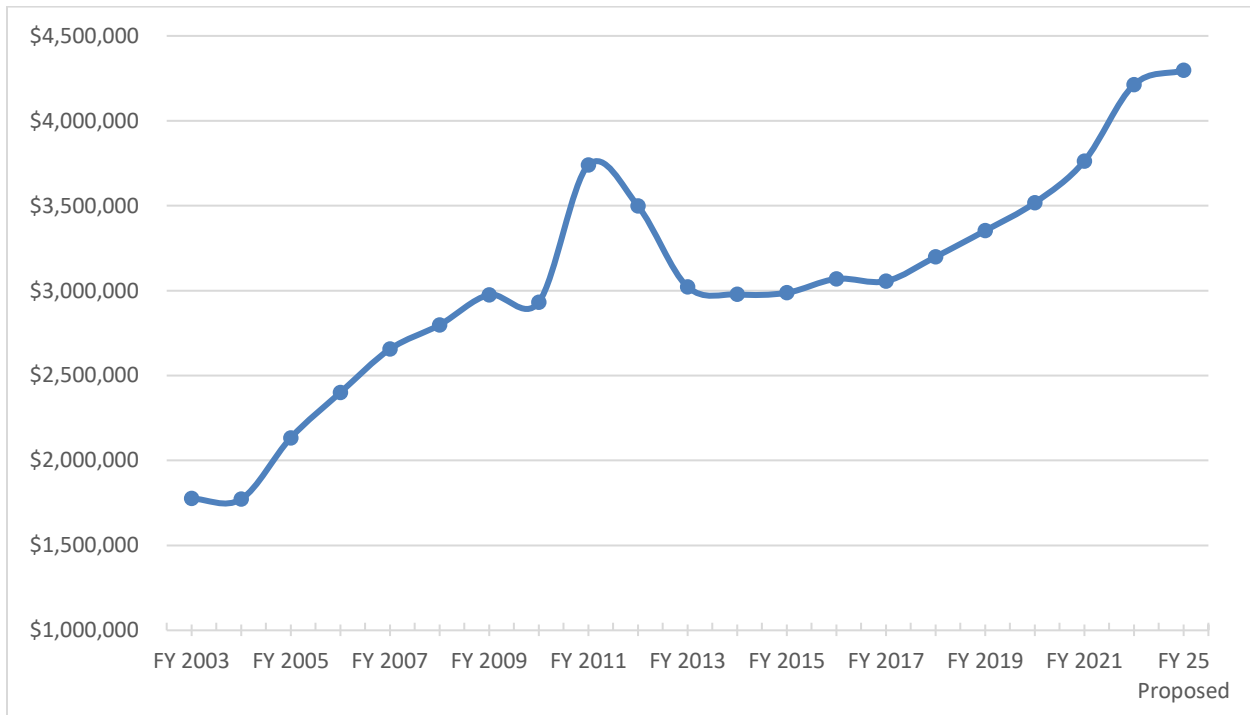
Total City sales tax receipts are split into four distinct activities. One cent, or one half of the total receipts, is dedicated to the City's general fund operations. One half cent, or 25% of total receipts, is dedicated to fund the City's 4B Economic Development Corporation for Street Improvements. One quarter cent, or 12.5% of total revenues, is dedicated to fund the City's 4A Economic Development Corporation. Finally, the last quarter cent, or 12.5% of revenues, is dedicated to provide property tax relief for Center tax payers and is included in the General Fund sales tax totals above.

In fact, the sales tax dedicated to property tax relief reduces \$0.144849 from the City's property tax rate.

	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Budget
City Sales Tax – 1 cent	2,005,050	2,155,256	2,188,300	2,233,900
Sales Tax for Property Tax Relief – ¼ cent	501,262	\$538,814	547,100	558,500
Total Sales Tax to General Fund	2,506,311	2,694,070	2,735,400	2,792,400
4A EDC – ¼ cent	501,262	538,814	538,800	547,000
4B Street EDC – ½ cent	1,002,525	1,077,628	1,077,600	1,093,900
TOTAL CITY SALES TAX COLLECTIONS	4,010,098	4,310,512	4,351,800	4,433,300



Total sales tax receipts were impacted immensely from a localized recession in FY 2013, experiencing a 19% slide from the FY 2011 peak. Sales tax collections in FY 2011 and 2012 represented a windfall increase in receipts. This growth is directly attributed to the oil and gas activity in Shelby County and the corresponding industrial and commercial development within the community. The City was experiencing a modest rebound in sales tax revenue, starting in 2017, as a result of the return of some energy industry activity. Beginning in 2020, with the onset of COVID, projections were again to lose some of this revenue but the market and spending habits reflected the opposite trend with marked growth annually.



Graph 2 – Total sales tax collection history. FY 2003 – FY 2025 Proposed

However, there are a number of mitigating factors that are supporting sales tax receipts. There were a number of large construction projects in Center in 2020-2021 and consumer spending patterns shifted towards more online sales – where the City receives the local sales tax share – this pattern is amplified with the federal government stimulus checks that were received in early Summer 2020 and repeated throughout 2021. Since 2022, national recession and sustained inflation created some changes in spending habits, only slight growth is projected to continue in the short term future.

Property Taxes

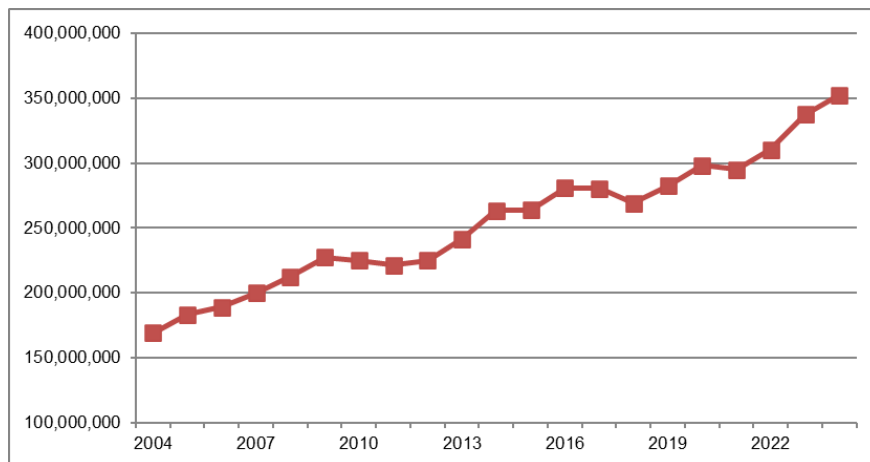
Table 3 exhibits the increases in appraised value from the 2001 tax year, and how the appraised taxable value has doubled since 2004. As mentioned in the Financial Forecast and the Budget Philosophy, the City Council has expressed its desire for financial stability. Following the sales tax correction in FY 2012-2014, the Council took the position to not rely so heavily on sales tax revenue. Over the last 10 years, the City has also taken on additional debt for capital improvements. Both of these factors, when coupled with the relatively flat taxable values, results in the trend of rate fluctuation. Moving forward debt instruments will continue to retire and the taxable value should increase, however, the City looks to employ a greater share of property tax revenue to fund the City's maintenance and operations (M&O) and use excess sales tax revenues to fund one time capital or special projects.



Fiscal Year	Tax Rate	Appraised Taxable Value
2003	0.604100	151,844,181
2004	0.562100	169,059,857
2005	0.536750	183,209,901
2006	0.536000	189,050,972
2007	0.523300	199,725,654
2008	0.508780	212,508,699
2009	0.476000	227,529,570
2010	0.490250	224,839,614
2011	0.490250	221,532,434
2012	0.500000	225,067,201
2013	0.510000	241,616,065
2014	0.500000	263,443,994
2015	0.530000	263,621,780
2016	0.540000	280,829,746
2017	0.560000	280,224,688
2018	0.575000	279,923,149
2019	0.600000	282,534,449
2020	0.610000	298,213,144
2021	0.619233	294,829,703
2022	0.619233	310,540,559
2023	0.602640	337,390,909
2024	0.589100	352,511,866
Proposed 2025	0.607620	367,674,385

Table 3 – City tax rate history

Expanding upon the data from Table 3, Graph 3 visually depicts the rise in the City's taxable value from 2007 to 2022. Through such factors as annexation, development, and property appreciation, the taxable value has risen 55% over the past 15 years and has more than doubled over the past twenty years.



Graph 3 – Certified Taxable Value History – 2004 - 2023



The City's total property tax rate is divided into two portions. The first is the Maintenance and Operations rate (M&O); this part of the property tax levy is deposited into the City's general fund and is merged with other revenues to pay for the annual operation of the City. The second portion is the Interest and Sinking rate (I&S); proceeds from this portion of the levy are deposited into a separate fund and used to repay debt that has been secured with ad valorem tax revenues. Table 4 indicates the I&S and the M&O rates fluctuate from year to year with the goal to have the two operate in a balance. The reason why the I&S rate is historically higher than usual is that the City took on additional property-tax secured debt in FY 2014, FY 2016 and FY 2019 as part of major emphasis on the Capital Improvement Program.

Tax Year	M & O Rate	I & S Rate	Total Tax Rate
2004	0.340300	0.221800	0.562100
2005	0.327890	0.208860	0.536750
2006	0.327536	0.208464	0.536000
2007	0.326500	0.196800	0.523300
2008	0.296540	0.212240	0.508780
2009	0.276600	0.199400	0.476000
2010	0.293350	0.196900	0.490250
2011	0.337800	0.162200	0.490250
2012	0.251000	0.249000	0.500000
2013	0.260500	0.249600	0.510000
2014	0.290953	0.209047	0.500000
2015	0.327787	0.202213	0.530000
2016	0.328430	0.211570	0.540000
2017	0.325760	0.234240	0.560000
2018	0.333514	0.241486	0.575000
2019	0.343068	0.256932	0.600000
2020	0.353166	0.256834	0.610000
2021	0.384509	0.234724	0.619233
2022	0.408150	0.211083	0.619233
2023	0.400073	0.202567	0.602640
2024	0.375405	0.213695	0.589100
2025	0.391610	0.216010	0.607620

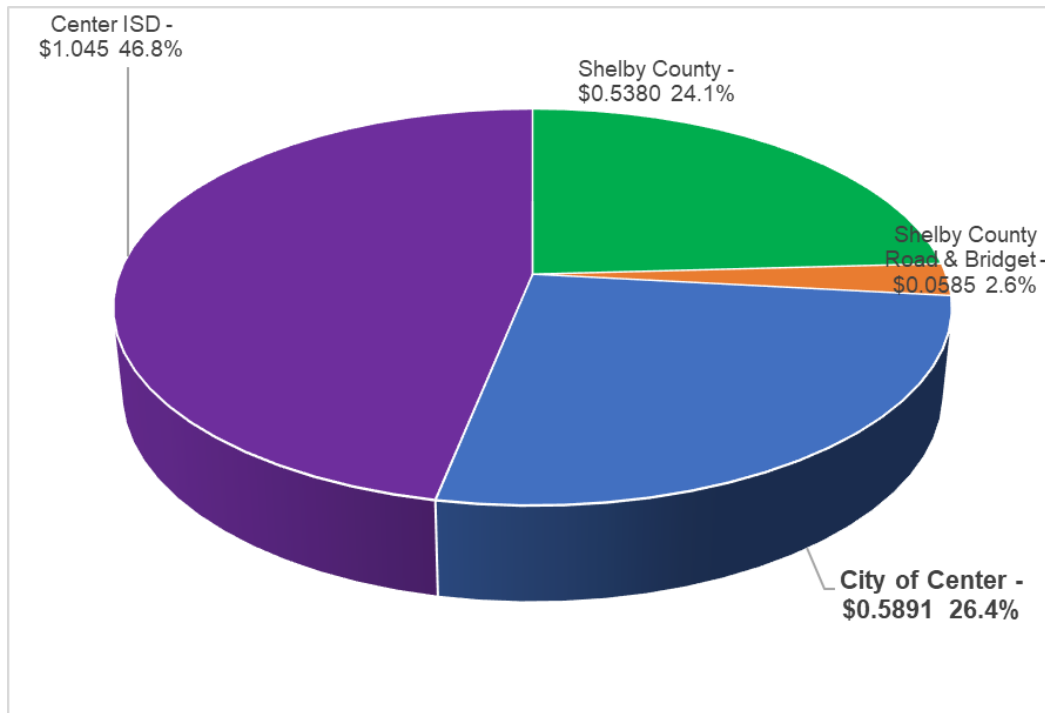
Table 4 – City M&O and I&S Rate History

Table 5 below shows how the composition of the Center tax base has slightly changed. Until the 2012 tax year, the highest single percentage of value was in the single-family residential category. In 2013, this was eclipsed by commercial real property. The prior three years residential, commercial and industrial properties have maintained stable ratios until Industrial real property increased for this tax year. Since 2018, the City's residential tax base composition has been below 30%.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Single family residential	33.87%	32.4%	33.3%	34.7%	28%	27.7%	22.4%	21.7%	22.7%	29.2%
Multi-family residential	0.59	0.55	0.6%	0.6%	0.6%	0.79%	0.6%	0.6%	0.9%	1.0%
Vacant lots	0.75	0.68	0.7%	0.7%	0.7%	0.72%	0.6%	0.6%	0.5%	0.6%
Commercial – Real	34.94	32.57	33.4%	34.5%	33.8%	33%	26.6%	26.6%	25.8%	31.9%
Industrial - Real	4.54	4.66	5.2%	3.9%	4.0%	4.0%	3.2%	3%	5.2%	6.1%
Personal – Commercial	12.90	13.19	12.8%	12.5%	11.5%	11.7%	9.5%	8.8%	8.6%	9.8%
Personal – Industrial	14.39	16.52	15.6%	13.1%	14.6%	14.6%	11.8%	11.9%	12%	11.1%

Table 5 – Composition of Center tax base – Taxable Values

Many citizens are often unclear as to how much of their total tax bill represents City taxes compared to other taxing entities. For those property taxpayers in the City, there are three property tax entities: the City, the Center Independent School District, and Shelby County, which also includes a separate Road and Bridge Tax. Graph 5 provides a graphical representation of the 2023 tax rates and how the City's rate stands in comparison.



Graph 5 – City of Center taxing entities tax rate comparison - 2024

The City of Center portion of a property owner's total tax bill is 26.4% without adjusting for exemptions. Changes to current state law for school funding will modify these values dramatically with additional homestead exemptions.

In 2018, the City engaged in a detailed analysis of comparison cities, specifically identifying those cities with a similar residential/non-residential tax base mix. Previous budgets selected comparison cities based on similar population or geography. The comparison cities criteria were expanded to include other factors like median household income, median home value, median age, educational attainment and ISO rating. The conversations generated following the Council's review were productive from a tax policy standpoint (e.g. determining the ideal tax base mix) but also that the City needs to engage in more activities to improve local demographics and quality of life. The list of comparison cities shows that Center has a competitive tax rate.

A metric added in the FY 2020 Budget is the Residential Tax Levy per Capita divided by Per Capita Income. This is intended to be a measure of the relative tax burden that a governing body places on their citizens. The percentage of the residential tax base is pulled from the data set and is multiplied by the total levy (total net taxable/100 x total tax rate). Then this figure is divided by the total population to yield the Residential Tax Levy Per Capita. Then this figure is divided by the community's Per Capita Income. For Center, this metric is very similar to the average of the comparison cities. This analysis also shows that Center residents have a similar tax burden placed upon them but remain slightly lower than comparison cities.



City	Population	Total Net Taxable	Gross Tax Rate	% Residential Tax Rate	Residential Tax	Residential Tax Levy Per Capita	Per Capita Income	RTLpc/Per Capita Income
Carthage	6,851	386,937,446	0.5894000	35.1%	\$ 799,810	\$ 117	\$ 28,992	0.4%
Bridge City	9,546	482,539,853	0.4822800	79.1%	\$ 1,841,043	\$ 193	\$ 38,878	0.5%
Canton	4,312	398,180,293	0.5300000	76.6%	\$ 1,616,321	\$ 375	\$ 37,083	1.0%
Brazoria	3,112	172,988,912	0.6804760	59.4%	\$ 699,226	\$ 225	\$ 37,218	0.6%
Hempstead	8,835	347,414,994	0.5609050	37.8%	\$ 736,597	\$ 83	\$ 19,358	0.4%
Muleshoe	5,158	161,810,830	0.7460000	38.0%	\$ 458,701	\$ 89	\$ 29,433	0.3%
Gilmer	5,216	387,286,784	0.5707940	29.4%	\$ 649,919	\$ 125	\$ 20,466	0.6%
Kilgore	14,948	1,289,692,196	0.5990000	38.4%	\$ 2,966,498	\$ 198	\$ 26,178	0.8%
Lamesa	9,461	315,627,910	0.7990700		\$ -	\$ -	\$ 22,517	0.0%
Childress	6,700	276,182,072	0.7537940	40.7%	\$ 847,519	\$ 126	\$ 22,949	0.6%
Crandall	5,006	354,919,689	0.7300000	60.0%	\$ 1,553,512	\$ 310	\$ 32,328	1.0%
Liberty	9,506	743,916,400	0.6121585	41.6%	\$ 1,892,621	\$ 199	\$ 24,608	0.8%
Denver City	4,911	217,897,188	0.7877727	38.9%	\$ 667,389	\$ 136	\$ 21,297	0.6%
Port Neches	13,601	1,229,635,461	0.6850000	56.7%	\$ 4,779,212	\$ 351	\$ 41,586	0.8%
Dimmit	4,375	116,573,030	0.6059000	30.6%	\$ 216,133	\$ 49	\$ 16,929	0.3%
Jacksonville	14,923	896,163,448	0.6806500	31.5%	\$ 1,920,807	\$ 129	\$ 19,518	0.7%
Average	7,904	\$ 486,110,407	0.650825	46.2%	\$ 1,352,832	\$ 169	\$ 27,459	0.6%
Center	5401	337,390,920	0.60264	24.10%	\$ 490,014	\$ 91	\$ 23,437	0.4%

Table 7 – Property tax rate by comparison cities. Tax rates – 2022
Source: TML Annual Tax Rate Survey

Property Tax Allocation by Department/Cost of Services to City Property Tax Payers

A rudimentary study was conducted in FY 2019 to further refine the approximate allocation of revenues across city departments. The approach was that certain departments generate revenues and a portion of their expenditures are offset with these revenues. For example, two thirds of the Law Enforcement revenues were applied to the Police Department and then a portion of Sales Tax and Property Tax revenues were allocated to create a picture of how much in property taxes were being used to fund the Police Department.

	Non-Departmental	City Hall	Police	Fire	Streets	Airport	Cemetery	Parks	Inspection	Municipal Court	Animal Control	Civic Center	Community Facilities	Total
Property Taxes	45,400	140,900	878,500	222,500	4,200	-	11,700	71,700	800	18,000	9,900	12,500	25,900	1,442,000
PILOT - Industrial	4,000	12,700	79,200	20,100	400	-	1,100	6,500	100	1,600	900	1,100	2,300	130,000
Sales Taxes	88,100	273,400	1,704,900	431,800	8,100	-	22,700	139,100	1,500	35,000	19,300	24,300	50,400	2,798,600
Law Enforcement			162,750							69,800				232,550
Franchise Fees	40,510	162,220			446,120			121,680	40,570					811,100
Airport		38,600				154,400								193,000
Permits		8,020							32,080					40,100
Usage Fees	900	2,700										84,350	-	87,950
Miscellaneous	7,110	7,110		1,000					-					15,220
Transfers	82,500	357,500			140,000				30,000			100,000	10,000	720,000
Interest	11,210	100,890												112,100
Grants			4,000			30,000								34,000
Total	279,730	1,104,040	2,829,350	675,400	598,820	184,400	35,500	338,980	105,050	124,400	30,100	222,250	88,600	6,616,620

Not only is this a useful analysis to calculate how much an average homeowner pays for City services, but also for the Council to use for determining tax and allocation policy.

One penny of the tax rate equates to approximately \$36,825 of revenue. Dividing the department Property Tax allocation yields the approximate tax rate for each department.

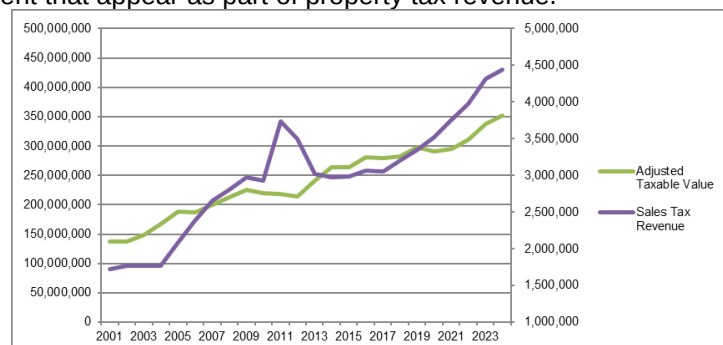


Utilizing the average homestead value of \$122,038 with a 20% homestead exemption, the property's taxable value is \$83,498. The approximate annual tax bill per department can also be calculated.

	Pennies of tax rate	Tax bill per department (M&O)
Non-Departmental	0.01233	\$ 10.29
City Hall	0.03826	\$ 31.95
Municipal Court	0.00489	\$ 4.08
Administration Subtotal	0.05548	\$ 46.32
Police	0.23856	\$ 199.19
Fire	0.06042	\$ 50.45
Animal Control	0.00269	\$ 2.24
Public Safety Subtotal	0.30167	\$ 251.89
Streets	0.00114	\$ 0.95
Parks	0.01947	\$ 16.26
Inspection	0.00022	\$ 0.18
Public Works Subtotal	0.02083	\$ 17.39
Airport	0.00000	\$ 0.00
Cemetery	0.00318	\$ 2.65
Civic Center	0.00339	\$ 2.83
Community Bldgs	0.00703	\$ 5.87
Facilities Subtotal	0.01360	\$ 11.36

Sales Tax and Property Tax Revenue Relationship

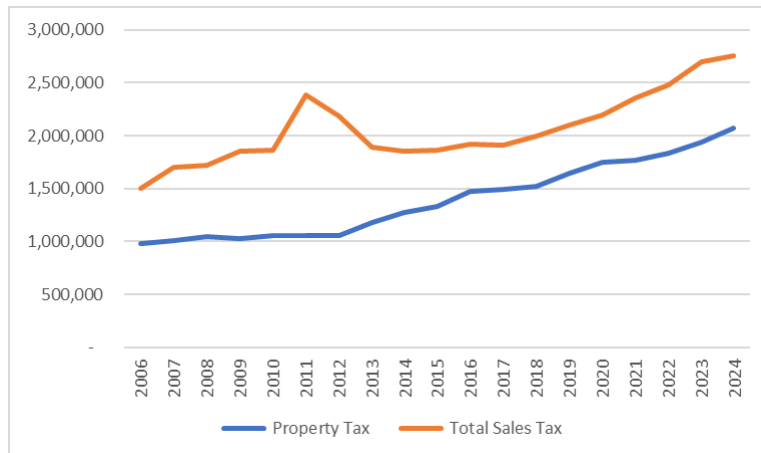
The final area of analysis depicts the relationship between sales and property tax revenues (not counting the I&S portion). Graph 5 illustrates this relationship in which taxable values began a significant increase in 2004 coupled with the rapid rise in total sales tax revenues. The City's tax structure is such that the City reduced its property tax rate (Reference Table 4) providing enhanced property tax reduction beyond that guaranteed by the sales tax for property tax relief. Further, due to annexations, new development and general property appreciation, the adjusted taxable values also increased which places further downward pressure on tax rates. There was a short period where excess sales tax revenues allowed the City to lower property tax rates. The City must achieve a balance with property tax revenue to solidify overall funding. The FY 2025 Budget increases property tax revenue from valuations to provide increased resources for city operations. FY 2022 experienced the introduction of Payments in Lieu of Taxes (PILOT) from Industrial development agreement that appear as part of property tax revenue.



Graph 5 – Relationship between sales tax and property tax revenues



Graph 6 presents this information in a different context with actual revenue streams plotted. The top red line represents the City's general fund sales tax allocation and the bottom blue line is total property tax levy. Attention is called to the decoupling of property tax and sales tax revenues, starting in 2010. At their height, the difference between them was over \$1.3 million. This gap has reduced 50% to date, reflecting increased reliance upon property tax revenues as a foundation for governmental services. This also indicates a balance is being maintained between these two primary revenue sources. Unless a large degree of development or annexations occur, property tax revenue should not be greater than sales tax revenues.



Graph 6 – Relationship between sales tax and property tax revenues

Internal Fund Transfers

The City of Center relies heavily upon invoicing other funds for administrative services or operational expenses to supplement the General Fund. The General Fund is the cost and accounting center for a number of activities that otherwise would be paid directly by other funds. Without creating organizational and accounting mechanisms, the City simply moves funds to cover these costs. The transfers that come to the General Fund are from the Utility Fund, the Solid Waste Fund, the 4A and 4B Economic Development Corporations, and Hotel/Motel Occupancy Tax-Trust Fund.

Each year, the City updates an allocation study to determine the approximate level of transfer. Included in the study are the Administrative Fees paid by the Utility and Solid Waste Funds as a Transfer into the General Fund not inclusive of the Franchise Fees accessed each for the use of City rights-of-way.

Utility Fund Transfer

The transfer from the Utility Fund to the General Fund is meant to cover certain costs in Non-Departmental that relate to the costs of the City Council providing overall guidance to the City and a portion of costs for items such as annual audit, insurance, postage and communications. The City Hall Department includes the management, billing, finance, customer service/collections, purchasing and warehouse functions. The Street Dept provides utility repairs and traffic control.

	FY 2025 Budget	Allocated to Utility Fund
Total Non-Departmental	280,100	52,500
Total City Hall	1,103,940	227,500
Total Street Department	598,760	70,000
 FY 2025 Budgeted Transfer		 350,000



Solid Waste Transfer

Similar to the Utility Fund transfer, the Solid Waste transfer amount is meant to cover the Non-Departmental and City Hall costs associated with managing, billing, and executing the Solid Waste contract. Also included is a provision for the funding a portion of the City's Street Maintenance Department. The Street Department is charged with maintaining all of the City's streets and other rights-of-ways. One of the original purposes of the Solid Waste franchise fee was to fund any repairs necessary to the City streets resulting from the collection of the City's solid waste.

	FY 202 Budget	Allocated to Solid Waste Fund
Total Non-Departmental	280,100	30,000
Total City Hall	1,103,940	70,000
Total Street Department	598,760	70,000
Total Inspection Dept	105,070	30,000
FY 2025 Budgeted Transfer		200,000

Other Fund Transfers

The City also receives transfers from the Hotel Occupancy Tax-Trust Fund, intended to offset costs associated with operating the Windham Civic Center and the Community House. There is no allocation study involved with establishing this funding amount; it is determined based on the performance of Hotel Occupancy Tax revenues.

The City also receives administration fees from the 4A and the 4B Economic Development Corporations used to offset the personnel and overhead costs of administering the two entities.

Franchise Fees

Franchise fees are essentially access rights or lease payments from utility companies for the use of City owned and maintained rights-of-way. Utility companies locate their service lines along City streets which basically allow them to use City property to provide their services. The franchise fee is paid by the customer on the utility bill but remitted to the City. These revenues are predominately slated towards street repairs and right-of-way maintenance and are relatively stable from prior year revenues.

Starting with the FY 2018 Budget, the City began assessing a franchise fee to the Utility Fund.

Franchise Fee Payor	FY 2025 Proposed Budget
AEP SWEPCO Franchise	275,000
DETEC Franchise	32,500
Centerpoint Franchise	65,000
AT&T Franchise	80,000
Telecommunication Fees	7,500
Suddenlink Franchise	17,500
Broadband Franchise	15,000
Utility Fund Franchise Fee	145,200
Solid Waste Franchise Fee	173,400
Franchise Fee	811,100



**FY 2025 BUDGET
REVENUE SUMMARY**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Property Taxes	1,333,376	1,451,439	1,461,500	1,488,632	1,572,000
Sales Taxes	2,509,148	2,699,079	2,795,150	2,748,700	2,798,600
Law Enforcement	216,150	172,218	210,300	213,354	232,550
Franchise Fee	717,527	758,045	751,300	727,005	811,100
Airport	180,675	220,209	160,000	172,500	193,000
Permits	30,613	40,642	30,200	36,550	40,100
Usage Fees	58,280	90,105	70,200	82,200	87,950
Solid Waste	-	-	-	-	-
Miscellaneous	14,980	19,895	1,350	20,400	15,220
Transfers	805,103	745,000	745,000	745,000	720,000
Interest	23,837	146,113	74,700	120,000	112,100
Grants	125,841	53,022	81,500	108,525	34,000
TOTAL	6,015,531	6,395,767	6,381,200	6,462,867	6,616,620



FY 2025 BUDGET REVENUE DETAIL

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Taxes - Current Ad Valorem	1,235,891	1,284,346	1,302,250	1,292,018	1,387,000
Taxes - Delinquent	28,567	32,520	27,500	33,700	27,500
Taxes - Penalty	42,768	27,758	25,000	32,650	27,500
Tyson - Industrial Dev. Agmt	26,149	106,815	106,750	130,265	130,000
Property Taxes	1,333,376	1,451,439	1,461,500	1,488,632	1,572,000
Taxes - Sales Tax	2,005,050	2,155,256	2,233,900	2,188,300	2,232,100
Taxes - Sales M&O	501,262	538,814	558,500	547,100	558,000
Taxes - Mixed Beverage	2,837	5,009	2,750	13,300	8,500
Taxes - Discount/Sales	-	-	-	-	-
Sales Taxes	2,509,148	2,699,079	2,795,150	2,748,700	2,798,600
Court Fines	172,837	144,417	175,000	181,000	195,000
Warrant Fees	20,781	11,573	15,000	12,265	15,000
Court Service Fee Discounts	12,196	8,995	12,000	10,035	12,000
Court Administrative Fee	1,857	1,156	1,500	1,630	1,750
Collection Agency Rec	-	-	-	-	-
Judicial Support Fee	28	14	50	25	50
Arrest Fees	5,172	4,148	4,000	5,175	5,250
Court Cost Fees	-	-	-	-	-
Time Payment Fees	2,293	1,323	2,000	2,725	2,750
Police Department Copies	12	48	-	-	-
Misc. Restitution	-	-	-	-	-
Prisoner Phone Commission	-	-	-	-	-
Child Safety Program	-	-	-	-	-
OMNI Retainage	975	544	750	500	750
Law Enforcement	216,150	172,218	210,300	213,354	232,550
AEP SWEPCO Franchise	269,168	270,177	270,000	249,960	275,000
DETEC Franchise	30,248	31,394	30,000	29,170	32,500
Centerpoint Franchise	57,225	75,123	60,000	55,225	65,000
AT&T Franchise	68,253	79,139	75,000	72,500	80,000
Telecommunication Fees	4,897	14,425	5,000	7,000	7,500
Suddenlink Franchise	28,370	(928)	17,500	11,650	17,500
PEG Fee	-	-	-	-	-
Solid Waste - Franchise Fee (10%)	-	-	-	-	15,000
Utility Fund Franchise Fee (3%)	140,503	156,931	164,100	165,100	173,400
Franchise Fee	717,527	758,045	751,300	727,005	811,100
Airport Fuel	151,525	184,150	130,000	130,000	150,000
Fuel Flow Fee	2,128	6,030	5,000	7,000	7,500
Airport Hangar Lease	27,022	29,029	25,000	35,500	35,500
Donations Airport	-	1,000	-	-	-
Airport - Msc. Fees	-	-	-	-	-
Airport Gate Entry	-	-	-	-	-
Airport	180,675	220,209	160,000	172,500	193,000



Misc. Garage Sale Permit	178	183	150	300	300
Zoning Variance Permit	150	1,050	600	300	600
Demolition Permits	1,235	2,535	1,000	500	1,000
Construction Permit	21,180	29,304	24,000	22,500	25,000
Electrical Permits	4,470	4,305	2,500	2,200	2,500
Beer/Wine/Liquor License	1,160	235	500	6,200	6,000
Move Structure Permits	-	100	-	-	100
Misc. Permits	990	660	500	700	1,000
Parks 5K Run Permit	300	1,305	250	1,500	1,500
Carnival/Event Permit	600	400	200	600	600
Vendor Permit	350	565	500	1,750	1,500
Permits	30,613	40,642	30,200	36,550	40,100
City Park Ball Field	-	-	-	100	100
Suddenlink Lease Riggs St	-	11,350	3,600	3,600	3,600
Rental Senior Center	450	-	-	-	-
Rental Community House	14,370	18,025	14,500	15,000	17,500
Community House Sec Officer Fee	300	-	-	-	-
Rental Civic Center	30,500	42,805	40,000	45,000	47,500
Rental Civic Center Caterer Fee	3,755	4,490	3,500	4,000	4,500
Civic Center Security	4,225	8,050	4,000	8,000	8,000
Civic Center Alcohol Fee	675	550	2,000	2,500	2,500
Civic Center OT Fee	450	450	100	1,000	1,000
Equipment Rental	3,555	4,410	2,500	3,000	3,250
Civic Center Addtl Cost		(25)			
Usage Fees	58,280	90,105	70,200	82,200	87,950
Solid Waste	0	-	-	-	-
Reimb. Fire Dept Calls		15,920		500	2,500
Building Demo/Clean Up					1,000
RR Park Donation					
Returned Check Fee					
Insurance Claims	7,675	-	-	10,000	2,500
Royalties Mineral Rts					
Refunds Return - TML IRP				4,200	4,000
Downtown Elect Access	100	950	250	500	500
Licenses & Permit Fees	91	287	100	100	220
Workers Comp Discount	(2,495)	295	-		-
Other	3,755	(109)	250	1,750	1,500
Copies	274	808	250	1,200	1,000
Vending Machine Income	3,070	427	-	150	-
Prior Budget Year					
Surplus Equipment	-	-	-	-	-
Sale of Land			-	-	-
SWEPCO Refunds					
DETEC Capital Refund	10	17	-	-	-
4B Contributions					
Donations Recreation					
Donations Police Dept					
Donations Fire Dept	2,500	1,300	500	2,000	2,000
Miscellaneous	14,980	19,895	1,350	20,400	15,220
Transfers Interfund Water	420,000	375,000	375,000	375,000	350,000



Transfers Intrafund	-	-			
Transfers HM Comm House	5,000	10,000	10,000	10,000	10,000
Transfer HM Civic Center Ops	90,000	100,000	100,000	100,000	100,000
Transfer Interfund Court Tech					
Transfer Interfund Bldg Security					
Transfer Interfund Child Safety					
Transfer Interfund 2011 CO's					
Transfer Interfund I&S					
EDC Street Admin Fees	30,042	30,000	30,000	30,000	30,000
Economic Development Adm Fee	60,062	30,000	30,000	30,000	30,000
Transfer - Civic Center Fund					
Transfers Interfund Solid Waste	200,000	200,000	200,000	200,000	200,000
Transfers	805,103	745,000	745,000	745,000	720,000
Interest General Fund	23,837	146,113	74,700	120,000	112,100
Interest	23,837	146,113	74,700	120,000	112,100
COPS Hiring Grant	76,794	46,917	75,000	76,900	-
COPSYNC Grant					
Police Training Grant	1,885	1,618	1,500	4,125	4,000
Police JAG Grant					
Arson Investigator Grant					
Homeland Security Grant	-	-	-	-	-
Airport TXDOT Ramp Grant	15,162	4,487	5,000	27,500	30,000
TxDOT CARES Grant	32,000	-	-	-	-
Airport - ACRGP					
CRF - TDEM				-	
Grants	125,841	53,022	81,500	108,525	34,000
TOTAL	6,015,531	6,395,767	6,381,200	6,462,867	6,616,620



FY 2025 BUDGET EXPENDITURE OVERVIEW

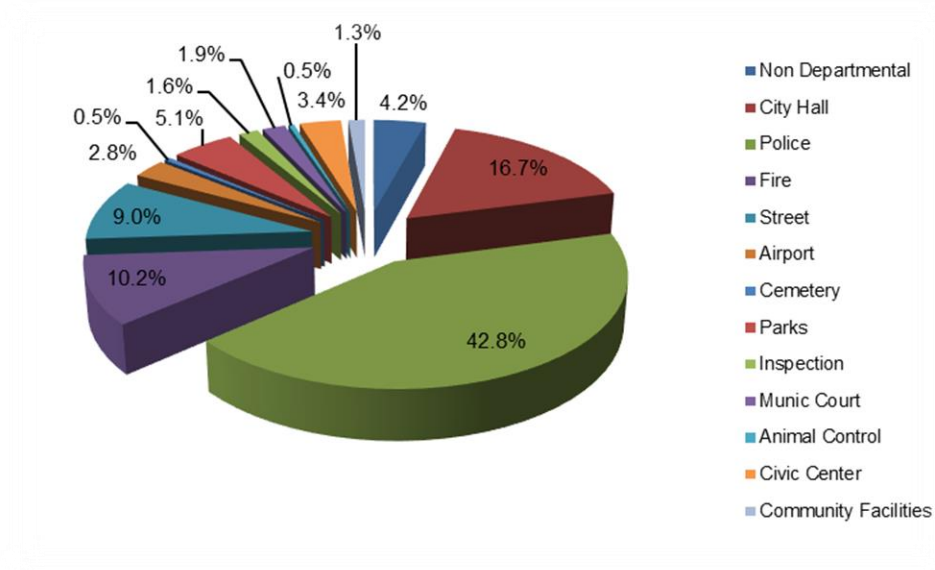
The City of Center general fund is organized into thirteen different departments. For the purposes of this document, each department will have its own section describing its mission statement, their function within the organization, some achievements for the past fiscal year, and department goals and objectives for the next fiscal year.

The FY 2025 Budget also groups the departments into broad functional categories to provide an additional layer of detail for the reader to better understand how the City spends money and correlates to the annual financial report or audit.

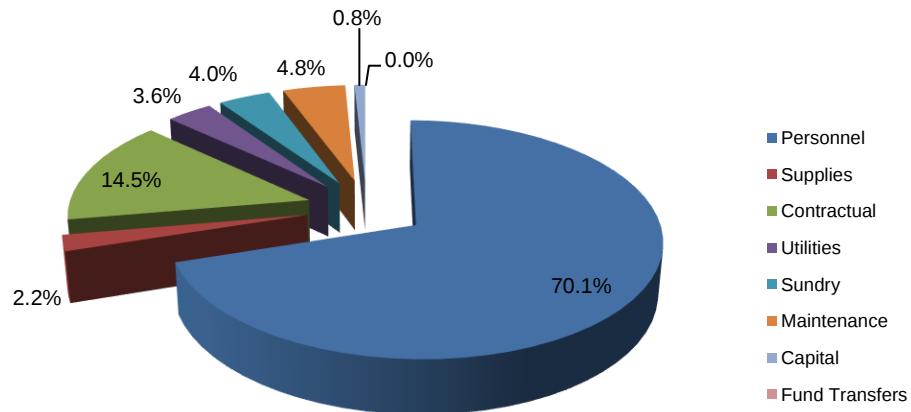
Each department's page will provide financial data on each prime account. There is also a description of the capital purchases within each department and denotes differences between the FY 2023 Estimate and the FY 2025 Proposed Budget.

EXPENDITURES	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Non Departmental	583,240	1,336,854	367,190	408,225	280,100
City Hall	855,636	1,011,977	1,070,050	1,044,300	1,103,940
Police	2,065,768	2,295,609	2,614,660	2,496,230	2,829,275
Fire	508,522	573,276	645,840	619,750	675,360
Street	453,219	541,291	571,900	617,880	598,760
Airport	180,666	223,643	187,280	184,645	183,770
Cemetery	19,270	21,890	22,200	28,500	35,500
Parks	285,697	311,686	358,700	351,365	338,970
Inspection	88,490	88,282	96,730	98,960	105,070
Municipal Court	113,670	99,694	115,850	113,900	124,580
Animal Control	25,360	24,555	29,400	22,250	30,100
Civic Center	164,268	182,647	196,350	192,590	222,300
Community Facilities	93,185	106,615	105,050	112,175	88,895
TOTAL	5,436,991	6,818,019	6,381,200	6,290,770	6,616,620

FY 2025 GENERAL FUND BUDGET EXPENDITURES – BY DEPARTMENT



FY 2025 GENERAL FUND BUDGET – BY PRIME ACCOUNT (Category of Expenditure)

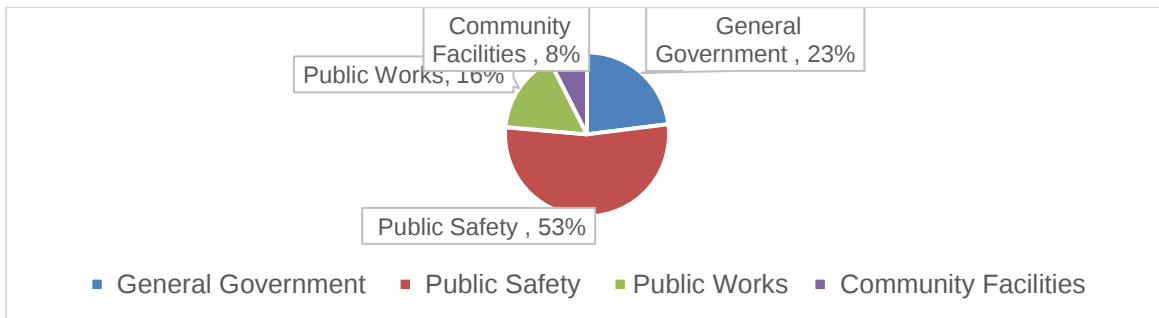




FY 2025 GENERAL FUND BUDGET EXPENDITURES – BY FUNCTION

The FY 2025 Budget also categorizes General Fund expenditures by general function for further analysis on the City's broad functional areas. The functions are grouped into General Government, Public Safety, Public Works, and Community Facilities to correlate with the annual audit. The departmental budgets are also arranged to associate with to this grouping.

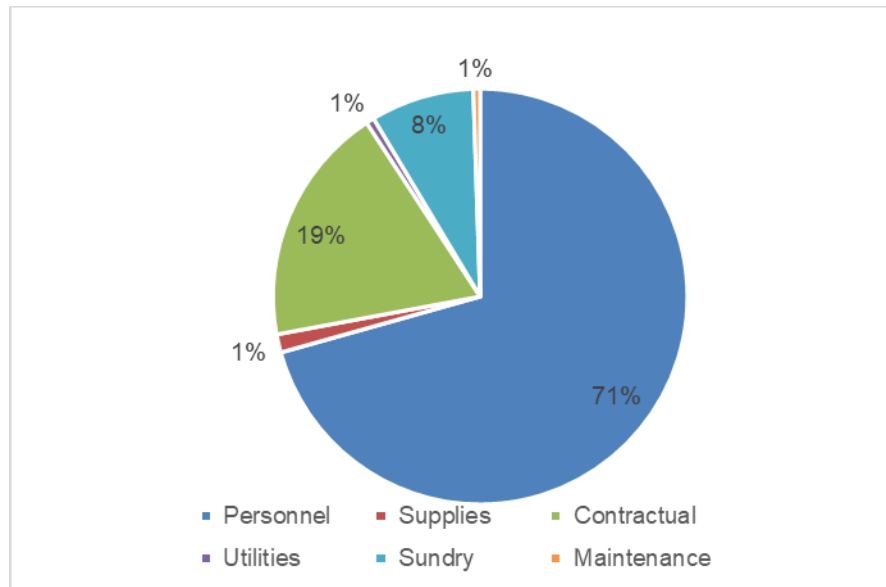
	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Totals					
General Government					
Non Departmental	583,240	1,336,854	367,190	408,225	280,100
City Hall	855,636	1,011,977	1,070,050	1,044,300	1,103,940
Municipal Court	113,670	99,694	115,850	113,900	124,580
Subtotal	1,552,546	2,448,525	1,553,090	1,566,425	1,508,620
Public Safety					
Police	2,065,768	2,295,609	2,614,660	2,496,230	2,829,275
Fire	508,522	573,276	645,840	619,750	675,360
Animal Control	25,360	24,555	29,400	22,250	30,100
Subtotal	2,599,650	2,893,440	3,289,900	3,138,230	3,534,735
Public Works					
Street	453,219	541,291	571,900	617,880	598,760
Parks	285,697	311,686	358,700	351,365	338,970
Inspection	88,490	88,282	96,730	98,960	105,070
Cemetery	19,270	21,890	22,200	28,500	35,500
Subtotal	846,676	963,149	1,049,530	1,096,705	1,078,300
Community Facilities					
Airport	180,666	223,643	187,280	184,645	183,770
Civic Center	164,268	182,647	196,350	192,590	222,300
Community Facilities	93,185	106,615	105,050	112,175	88,895
Subtotal	438,119	512,905	488,680	489,410	494,965
TOTAL	5,436,991	6,818,019	6,381,200	6,290,770	6,616,620





**FY 2025 BUDGET
EXPENDITURE SUMMARY
GENERAL GOVERNMENT**

Totals	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2023 Estimate	FY 2025 Proposed
General Government					
Non Departmental	583,240	1,336,854	367,190	408,225	280,100
City Hall	855,636	1,011,977	1,070,050	1,044,300	1,103,940
Municipal Court	113,670	99,694	115,850	113,900	124,580
Subtotal	1,305,493	2,448,525	1,553,090	1,566,425	1,508,620
Personnel	777,224	907,616	981,200	967,175	1,066,000
Supplies	39,490	25,837	32,300	23,575	21,450
Contractual	407,509	299,559	390,400	350,750	281,820
Utilities	22,173	10,272	12,200	10,300	9,500
Sundry	113,907	103,475	128,540	115,275	121,850
Maintenance	4,304	11,864	8,450	8,250	8,000
Capital	13,040	1,085,203	-	1,100	-
Transfers	174,899	4,700	-	90,000	-
Total	1,305,493	2,448,525	1,553,090	1,566,425	1,508,620





FY 2025 BUDGET NON-DEPARTMENTAL - #601

The Non-Departmental function of the City of Center pays for those areas that are general to the entire organization, such as the annual audit, insurance, elections, other legislative costs and City Council designated special projects or activities.

The Mayor and six Council members act as the elected representatives of the citizens of Center to formulate public policy to meet community needs and assure orderly development in the City.

DESCRIPTION

- Appoint the City Manager, City Attorney, Municipal Court Judge and various citizen boards and commissions.
- Adopt the City's annual budget and ad valorem tax rate.
- Adopt City ordinances and resolutions.
- Establish the fees and rates for City goods and services.
- Approve purchases and contracts as prescribed by the City Charter and State Law.

FY 2024 ACCOMPLISHMENTS

Continued to operate with fund balance above goal
Update of long-range financial forecast
Issuance of unqualified audit
Partnered with EDC for Broadband Development project
Rehab of 301 Nacogdoches location
Progressed Utility expansion planning & production study

Council Direction/Strategic Plan

Budget Philosophy #2
Budget Philosophy #8
Objective C & Objective D
Objective A – Public Facilities
Objective A - Utility

FY 2025 GOALS

Update Strategic Plan
General community beautification programs and projects
Utility project initiation – production capacity
Develop potential directional/entryway signage program

Objective C – Revitalization
Objective A - Utility
Objective D - Beautification



**FY 2025 BUDGET
NON-DEPARTMENTAL**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	3,808	15,328	1,700	1,700	1,700
Supplies	2,048	3,932	3,700	1,200	2,200
Contractual	299,950	185,010	257,950	217,100	172,450
Utilities	-	-	-	-	-
Sundry	89,379	76,765	103,840	97,125	103,750
Maintenance	116	-	-	-	-
Capital	13,040	1,051,120	-	1,100	-
Transfers	174,899	4,700	-	90,000	-
TOTAL	583,240	1,336,854	367,190	408,225	280,100

PERFORMANCE MEASURES

	FY 2019	FY2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
City Council Meetings	20	20	20	21	21	15
Council Workshops/Special Meetings	5	4	7	2	2	5
Ordinances Passed	16	16	15	12	15	13
Resolutions Passed	25	28	26	18	33	15
Fund Balance as % of Expenses	36%	41%	49%	49%	33%	39%

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Contractual: Decrease in Special Projects – (\$40,000)
- Sundry: Increase in Tax Appraisal annual fee (\$4,410)



**FY 2025 BUDGET
CITY HALL - #602**

To provide professional management and administration of the City, implementing City Council policy decisions by directing, coordinating, monitoring, and evaluating all City government activities.

DESCRIPTION

- Execute the policies established by the City Council and administer the affairs of the City consistent with the City Charter.
- Prepare and maintain minutes, ordinances, resolutions, and proclamations.
- City elections conducted by designated election official.
- Responsible for the collection, investment, disbursement & documentation of all City funds.
- Monitor and approve all City purchases, expenditures, and budget.
- Prepare the City employee payroll and administer employee benefits programs.
- Prepare annual City budget

FY 2024 ACCOMPLISHMENTS

Completed City Hall generator, painting and minor renovations
Technology upgrades
Received the GFOA Distinguished Budget Award
Completed in-house audit of Internal Service Funds
Verified and updated Fixed Asset and Property Insurance Coverage
Expand Airport Management – Hangars, Fuel sales

Council Direction/Strategic Plan

Objective E – Transparency
Objective E – Transparency
Budget Philosophy #8
Objective D – Airport

FY 2025 GOALS

Apply for TML Excellence Award
Initiate Funding plan development for Utility Capital Programs
Increase housing units in Parker Place subdivision through the Local Government Corporation
Expand Internal Financial Control/Monitoring Processes
Prioritize Staff Development and Training

Objective E – Transparency
Objective A – Utilities
Objective B – Housing

Objective E – Transparency
Budget Philosophy #4

DEPARTMENT STAFFING

	Title	Current Staffing
	City Manager	1
	Finance Manager	1
	City Secretary	1
	Purchasing Director	1
	Accounting/Bookkeeper	1
	HR Administrator/Asst City Secretary	1
	Clerks (Utility, Finance, Inspection, Warehouse)	6.25



**FY 2025 BUDGET
CITY HALL**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	720,438	849,379	922,800	911,100	1,004,100
Supplies	36,518	20,107	26,850	19,950	17,250
Contractual	49,259	63,649	76,750	77,950	48,590
Utilities	22,173	10,272	12,200	10,300	9,500
Sundry	23,061	22,623	23,000	16,750	16,500
Maintenance	4,188	11,864	8,450	8,250	8,000
Capital	-	34,083	-	-	-
TOTAL	855,636	1,011,977	1,070,050	1,044,300	1,103,940

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Open Records Requests	30	7	25	27	52	41
Average Number of Utility Accounts	2,420	2,428	2,438	2,425	2,432	2,440
Average Work Order Completions	1 Day	1 Day	1 Day	1 Day	1 Day	1 Day
Houses Built in City-Sold Lots	0	0	0	0	2	1
GFOA Budget Award Received	Yes	Yes	Yes	Yes	Yes	Yes

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Increases in Personnel primarily the result of staffing levels, increasing one PT position, compensation adjustments and employee benefit cost increases



**FY 2025 BUDGET
MUNICIPAL COURT - #613**

DEPARTMENT SUMMARY

Provide lawful notice to those individuals receiving a citation from the Center Police Department; guarantee due process is followed and serve the Citizens of Center by ensuring proper justice is served. Municipal Court Judge is presiding officer of the Court, appointed under contract for legal services by the City Council.

DESCRIPTION

- Review citations issued; issue arrest warrants when necessary; turn violators into collection service if necessary.
- Provide outstanding customer service by being polite and professional
- Maintain education in latest changes in the law

FY 2024 ACCOMPLISHMENTS

Continuing Education for Judge, Administrator & Clerk
Warrant Roundup

Council Direction/Strategic Plan

Obj A, PS-1

FY 2025 GOALS

Court Clerk attain State Municipal Court Clerk Certification - Level I
Expand Warrant Roundup

Obj A, PS-1

DEPARTMENT STAFFING

Title	Current Staffing
Court Clerk	1

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	52,977	42,909	56,700	54,375	60,200
Supplies	925	1,798	1,750	2,425	2,000
Contractual	58,300	50,900	55,700	55,700	60,780
Utilities	-	-	-	-	-
Sundry	1,467	4,087	1,700	1,400	1,600
Maintenance	-	-	-	-	-
Capital	-	-	-	-	-
TOTAL	113,670	99,694	115,850	113,900	124,580

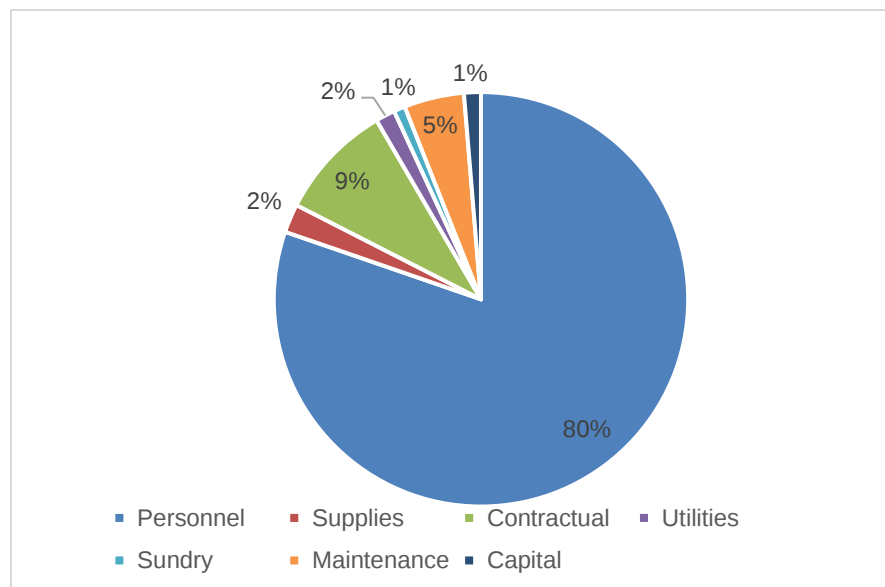
HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Increases in Personnel primarily the result of compensation adjustments and employee benefit cost increases.



**FY 2025 BUDGET
EXPENDITURE SUMMARY
PUBLIC SAFETY**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Totals					
Public Safety					
Police	2,065,768	2,295,609	2,614,660	2,496,230	2,829,275
Fire	508,522	573,276	645,840	619,750	675,360
Animal Control	25,360	24,555	29,400	22,250	30,100
Subtotal	2,599,650	2,893,440	3,289,900	3,138,230	3,534,735
Personnel	2,063,826	2,326,479	2,676,530	2,530,375	2,837,775
Supplies	80,633	54,750	80,700	70,420	78,800
Contractual	189,453	222,075	253,970	278,335	321,110
Utilities	59,362	51,607	49,800	46,700	53,750
Sundry	16,417	24,351	27,800	24,050	31,300
Maintenance	186,372	153,535	175,100	151,450	165,500
Capital	3,586	60,643	26,000	36,900	46,500
Total	2,599,650	2,893,440	3,289,900	3,138,230	3,534,735





FY 2025 BUDGET
POLICE DEPARTMENT - #603

To preserve order and protect life and property through the enforcement of laws and municipal ordinances.

DESCRIPTION

- Oversee all major criminal investigations within the City and provide information for prosecution.
- Respond to calls from the public requesting police emergency services.
- Respond to traffic-related incidents and accidents; issues citations for traffic violations
- Provide assistance to victims of crime or persons in distress.
- Provide assistance to surrounding law enforcement agencies

FY 2024 ACCOMPLISHMENTS

Council Direction/Strategic Plan

Expanded efforts to ensure full staffing

- Continued Cadet Sponsorship/Hiring Program
- Local Job Fairs and Police Academy recruitment
- Refined Pay Scale and Recruitment Materials

Objective A – Public Safety-1

Upgrades of Equipment

- Communication/Officer Equipment
- RMS (Records Mgmt) Software System Upgrade

Facility Rehab (flooring/painting) and Security

Objective A – Public Safety - 6

Community outreach activities:

- K-9 training and school visits
- Operation Blue Santa toy drive & Cocoa with Santa

Restructured Chain of Command – Supervisory Development

FY 2025 GOALS

Expand efforts to ensure quality staffing and training levels

Continue Building & Grounds renovations/improvement

Objective A – Public Safety -1

Enhance officer worn, in-car and system equipment

Continue Community Outreach with K-9 and Blue Santa

Objective A – Public Safety - 6

Increase relations with other agencies – DETCOG, CAC, CISD and DA/CA offices

Optimize New RMS (Records Mgmt) systems

Pursue Grant Funding for Equipment & Dept needs

DEPARTMENT STAFFING

Title	Current Staffing
Police Chief	1
Assistant Chief (Captain)	1
Lieutenant	1
Sergeants (Patrol/CID)	4
Detectives (Corporals)	2
Patrol Officers	10
Admin. Assistant (Exec. & CID)	2
Dispatchers	6
Janitor	1



**FY 2025 BUDGET
POLICE DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	1,642,197	1,844,050	2,181,480	2,029,375	2,306,625
Supplies	65,776	40,563	55,400	55,920	54,750
Contractual	149,019	181,423	201,080	223,485	262,200
Utilities	49,995	40,013	37,500	33,700	40,500
Sundry	13,567	16,997	15,600	19,050	21,200
Maintenance	144,798	113,139	123,600	117,700	118,000
Capital	415	59,424	-	17,000	26,000
TOTAL	2,065,768	2,295,609	2,614,660	2,496,230	2,829,275

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Citations Issued	2,513	2,683	4,347	2,125	3,892	4,388
Average Warrants Outstanding	1,671	1,649	1,540	1,561	1,622	1,571
Average Value of Outstanding Warrants	542,223	566,266	565,615	590,343	626,105	718,883
Average Response Time (Minutes)	1.48	1.77	1.89	1.21	1.77	0.57
Calls for Service	10,113	10,787	13,445	7,422	10,350	11,209
Traffic Accidents	299	273	258	133	238	246
UCR Part 1 Crimes per 1,000 population	72.3	50.7	49.2	25.6	31.1	31.6

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Understaffed positions during FY24 combined with personnel compensation adjustments and upgrade of part-time dispatcher to full time status results in increases in Personnel (\$277,250)
- Contractual: Increase in Vehicle Lease-Vehicle Replacement Fund (\$15,400)
- Utilities: Increase in Cell Phone for in car systems (\$10,000)
- Sundry: Increase in Training (\$4,200)
- Capital: Increase in Equipment (\$9,000) for radios, radar and in-car systems



**FY 2025 BUDGET
FIRE DEPARTMENT - #604**

Protect lives and property from fire and man-made or natural disasters. Provide emergency management procedures for the City and investigate all suspicious fires within the City.

DESCRIPTION

- Response area includes 525 square miles, of which 3.25 is inside the Center City Limits
- Respond to and extinguishes structure, vehicle, grass and brush fires in the City of Center (primary) and surrounding rural areas (secondary).
- Respond to other emergency situations in conjunction with the Police department and other emergency agencies.
- Assist in fire prevention activities.
- Coordinate all planning and preparedness activities for emergency management.
- Investigate fires to determine cause and origin.

FY 2024 ACCOMPLISHMENTS

Obtained Clean Inspection from State Fire Marshall's Office
Enhanced SOPs to comply with Tx Comm on Fire Protection
Expanded services for Inspection, Fire Code and Arson Investigation
Updated Emergency Management Plan and Annexes
Replaced PPE (bunker gear) for Personnel & Volunteers

Council Direction/Strategic Plan

Objective A – Public Safety - 2

Objective A – Public Safety – 5

Objective A – Public Safety – 3

FY 2025 GOALS

Enhance communication with mutual aid partners
Continue to expand fire prevention programs and increase communication with community
Continue replacement of equipment and apparatus
Expand emergency billing for funding from non-City calls

Objective A – Public Safety – 3

Objective A – Public Safety - 2

Objective A – Public Safety - 2

DEPARTMENT STAFFING

Title	Current Staffing
Fire Chief	1
Firefighter/Investigator	1
Firefighters	4



**FY 2025 BUDGET
FIRE DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	421,629	482,429	495,050	501,000	531,150
Supplies	6,238	6,703	15,200	9,600	14,450
Contractual	24,436	25,167	36,890	38,350	42,910
Utilities	8,731	11,064	11,100	12,300	11,850
Sundry	2,743	6,298	11,100	4,850	8,000
Maintenance	41,574	40,396	50,500	33,750	46,500
Capital	3,171	1,219	26,000	19,900	20,500
TOTAL	508,522	573,276	645,840	619,750	675,360

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Number of Calls	202	190		265	299	139
Fire Fighter Accidents	0	0		0	0	0
Inspections					35	33
False Alarm Calls	12	18				
False Alarm Rate	7%	10%				
Out of Town Runs		116		135		
% Out of Town		61.1%		51%		

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Compensation adjustments and employee benefit funding result in increases (\$30,150)
- Supplies: Increases in Equipment (\$3,250)
- Contractual: Increased Vehicle Lease – Vehicle Replacement Fund (\$6,590)
- Maintenance: Increase in Bldgs/Structure (\$3,250), Equipment (\$5,500), and Gas/Fuel (\$2,000)



**FY 2025 BUDGET
ANIMAL CONTROL - #612**

To control and contain stray animals within the City limits through enforcement of City ordinances and removal of deceased animals. Operational changes for redeveloped policies during FY 2025.

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	-	-	-	-	-
Supplies	8,619	7,484	10,100	4,900	9,600
Contractual	15,998	15,485	16,000	16,500	16,000
Utilities	636	530	1,200	700	1,400
Sundry	107	1,056	1,100	150	2,100
Maintenance	-	-	1,000	-	1,000
Capital	-	-	-	-	-
TOTAL	25,360	24,555	29,400	22,250	30,100

DESCRIPTION

- Provides pickup and transport of stray animals within the City limits.
- Provides disposal of dead animals within the City limits.
- Follows through on all animal bite reports and ensures that animal owners follow State quarantine laws.
- Completes and maintains information for reporting to Police Department.
- Component of Police Department in the investigation of animal issues.

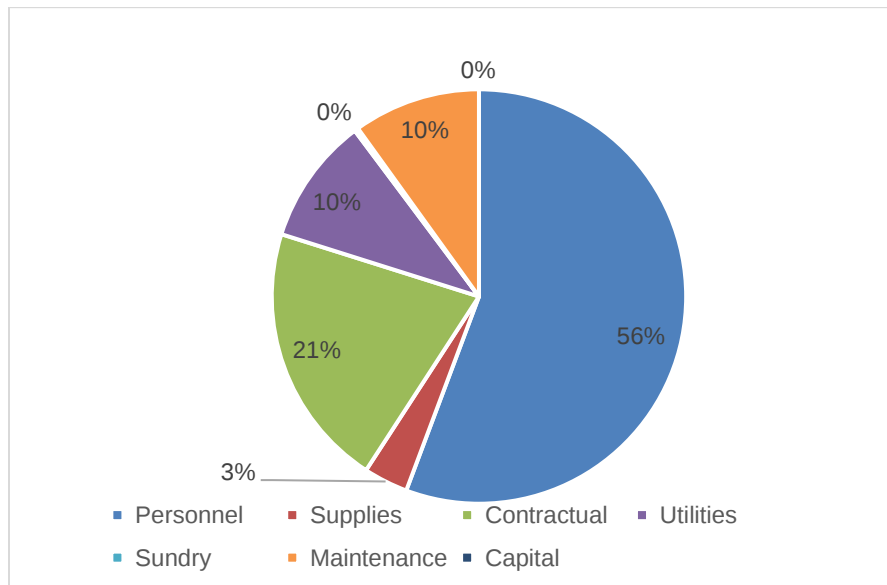
HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Anticipated budget change during FY25 for substantial policy changes and adaptation of services



**FY 2025 BUDGET
EXPENDITURE SUMMARY
PUBLIC WORKS**

Totals	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Public Works					
Street	453,219	541,291	571,900	617,880	598,760
Parks	285,697	311,686	358,700	351,365	338,970
Inspection	88,490	88,282	96,730	98,960	105,070
Cemetery	19,270	21,890	22,200	28,500	35,500
Subtotal	846,676	963,149	1,049,530	1,096,705	1,078,300
Personnel	438,206	529,385	597,750	608,120	594,570
Supplies	31,453	32,140	38,650	33,325	37,000
Contractual	155,851	201,544	200,080	227,835	231,830
Utilities	96,342	111,120	101,250	107,650	105,700
Sundry	8,205	4,270	3,800	3,600	3,200
Maintenance	104,197	84,689	108,000	116,175	106,000
Capital	12,423	-	-	-	-
Total	846,676	963,149	1,049,530	1,096,705	1,078,300





FY 2025 BUDGET
STREET DEPARTMENT - #605

To provide and maintain a transportation system of streets, alleys and sidewalks for safe and efficient vehicular and pedestrian traffic, and to provide and maintain a storm water management system to efficiently convey storm water and prevent flooding.

DESCRIPTION

- Repair streets for damage caused by water line breaks and failure of road base material.
- Plan and supervise the annual street maintenance and reconstruction program of the 4B EDC
- Herbicide and Pesticide Programs for Right of Way vegetation control and Mosquito spraying
- Install and maintains traffic control signs and paving markers.
- Mow rights-of-way and maintain street and alley shoulders.
- Maintain storm drains

FY 2024 ACCOMPLISHMENTS

Managed the annual street reconstruction program, including drainage enhancements
Expanded herbicide & pesticide activity
Repair/replace of multiple damages on downtown amenities
Continued community banner program/expanded Downtown Rehabbed Downtown landscaping/maintenance program
Elevated Street/gutter cleaning projects
Acquired replacement equipment – Vac Truck and Mulcher for upgrade of maintenance to existing facilities and rights of way

Council Direction/Strategic Plan

Objective A - Streets

Objective C - Revitalization
Objective D
Objective C - Revitalization
Objective D

FY 2025 GOALS

Maintain pedestrian right of ways and downtown area contract
Update, clean and replace traffic signage
Expand gutter and sidewalk maintenance with sweeper and herbicide
Install added Decorative poles/Stop signs - Downtown
Manage annual street reconstruction program

Objective C - Revitalization
Objective A - Streets

Objective C - Revitalization
Objective A - Streets

DEPARTMENT STAFFING

Title	Current Staffing
Facilities Maintenance	0.5
Maintenance	5.0



**FY 2025 BUDGET
STREET DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	237,437	291,950	338,850	354,150	350,350
Supplies	18,111	15,898	19,350	17,700	17,850
Contractual	32,614	82,814	56,300	75,955	71,560
Utilities	81,349	93,179	85,600	91,200	89,250
Sundry	536	475	800	850	750
Maintenance	70,748	56,974	71,000	78,025	69,000
Capital	12,423	-	-	-	-
TOTAL	453,219	541,291	571,900	617,880	598,760

PERFORMANCE MEASURES

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Linear Miles						
Unpaved Streets	0	0	0	0	0	0
Gravel Streets	0	0	0	0	0	0
Asphalt Streets	34.55	34.55	34.55	34.55	34.55	34.55
Concrete Streets	9.08	9.08	9.08	9.08	9.08	9.08

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Adjustment of personnel positions
- Contractual: Equipment additions and existing fleet/mobile adjusted schedules Vehicle Lease decrease (\$4,940)
- Maintenance: Reduced Right of Way/Trees (\$7,825)



FY 2025 BUDGET
PARKS DEPARTMENT - #609

To provide clean, safe, and well-maintained outdoor recreation space and park lands to the citizens of Center.

DESCRIPTION

- Manage contract for mowing all City parks, trails and recreation areas.
- Remove trash and debris within City parks, trails and recreation areas.
- Maintain and repair City park facilities and playground equipment as needed.
- Maintain athletic fields and irrigation systems.
- Provide pest and weed control within City parks and facilities.

FY 2024 ACCOMPLISHMENTS

Host facility for State baseball and softball tournaments
Playground mulch upgrades at all locations
Enhanced Maintenance Standards and Inspections
Rehabilitation of Bridges, Pier and Wood Structures
Completed Project with Rotary Grant for Accessible
Playground

Council Direction/Strategic Plan

Objective C – Comm 4/8
Objective D – Parks 1
Objective D – Parks 1
Objective D – Parks 1
Objective D – Parks 3

FY 2025 GOALS

Expand Softball Tournament Hosting Activity
Major rehab and cleaning of Center Park pond
Enhance Participation in Recreational Programs
Upgrade baseball and softball complex amenities
Training/Education for Facility Maintenance/Improvement
Ensure operation and expansion of Splash Pad

Objective C – Com 4/8
Objective D – Parks 1
Objective E – Comm 1
Objective D & C
Objective D – Parks
Objective D – Parks 4

DEPARTMENT STAFFING

Title	Current Staffing
Parks & Rec Director	0.5
Maintenance	1
Maintenance – P/T	1.5



**FY 2025 BUDGET
PARKS DEPARTMENT**

DEPARTMENT SUMMARY

	FY 2022	FY 2023	FY 2024	FY 2024	FY 2025
	Actual	Actual	Adopted	Estimate	Proposed
Personnel	140,095	170,365	185,800	179,370	162,320
Supplies	10,818	12,762	16,500	12,775	16,100
Contractual	91,953	86,704	107,500	110,270	112,050
Utilities	14,914	17,674	15,400	16,000	16,000
Sundry	261	291	500	200	500
Maintenance	27,657	23,889	33,000	32,750	32,000
Capital	-	-	-	-	-
TOTAL	285,697	311,686	358,700	351,365	338,970

PERFORMANCE MEASUREMENTS

Number of Amenities	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Baseball fields	9	9	9	9	9	9
Softball fields	3	3	3	3	3	3
Soccer Fields	0	0	3	3	3	3
Playgrounds	4	4	4	4	4	4
Pavilions	5	5	5	6	6	6
Basketball Courts	3	3	3	4	4	4
Spray-ground	1	1	1	1	1	1
Trails (Linear Miles)	4.3	4.3	4.3	4.3	4.5	4.5
Total park area (in acres)	124.4					
Developed park area	88.5					

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Adjustment from full time staff to part time seasonal positions, employee benefits and payroll adjustments reduced (\$17,050)
- Supplies: Increases from Materials (\$2,500) and Chemicals (\$1,000)



FY 2025 BUDGET
INSPECTION SERVICES - #610

To monitor the orderly growth of the City and foster compliance with the City's development standards and ordinances.

Enforce the City's building, plumbing, electrical and City ordinances and state law to ensure the construction and maintenance of safe residential and commercial structures.

DESCRIPTION

- Review plans and specifications for subdivisions and building projects within the city.
- Represent the City staff and keeps records and minutes for the Planning and Zoning Commission and the Zoning Board of Adjustments.
- Issue permits for building, plumbing, and electrical construction. Also issue permits for garage sales, demolition, and house moving.
- Inspect construction work within the City to verify compliance with adopted codes and standards.
- Initiate and investigate complaints on properties found to be in violation of City ordinances.
- Provide for mosquito spraying/vector control

FY 2024 ACCOMPLISHMENTS

Certified personnel – Maintained Certified Code Compliance
Certified personnel – International Code Structural License

Council Direction/Strategic Plan

FY 2025 GOALS

Staff to obtain certifications as Licensed Building Official

DEPARTMENT STAFFING

Title	Current Staffing
Code Officer/Building Official	1



**FY 2025 BUDGET
INSPECTION SERVICES**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	60,674	67,070	73,100	74,600	81,900
Supplies	2,524	3,480	2,800	2,850	3,050
Contractual	14,213	10,136	14,080	13,110	12,720
Utilities	79	267	250	450	450
Sundry	7,408	3,503	2,500	2,550	1,950
Maintenance	3,592	3,826	4,000	5,400	5,000
Capital	-	-	-	-	-
TOTAL	60,674	67,070	73,100	74,600	81,900

PERFORMANCE MEASUREMENTS

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Construction Permits	18	49	41	49	57	50	52
Demolition Permits	7	6	9	14	54*	11	3
Rezone/SUP Cases	0	3	2	1	2	5	5

* Demolition permit increases due to multiple permits at a multi-family renovation project

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Personnel adjustment and benefits cumulative increase (\$7,500)
- Contractual: Increase allocation for Vehicle Lease – Vehicle Replacement Fund (\$1,380) decrease Technology Fund allocation (-\$1,400)
- Sundry: Reduced Training/Travel (\$1,325)



FY 2025 BUDGET
CEMETERY DEPARTMENT - #608

The Cemetery Department of the City of Center is responsible for the minor maintenance and mowing contract of Fairview, Westview, and Mull Cemeteries.

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual	17,070	21,890	22,200	28,500	35,500
Utilities	-	-	-	-	-
Sundry	-	-	-	-	-
Maintenance	2,200	-	-	-	-
Capital	-	-	-	-	-
TOTAL	19,270	21,890	22,200	28,500	35,500

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

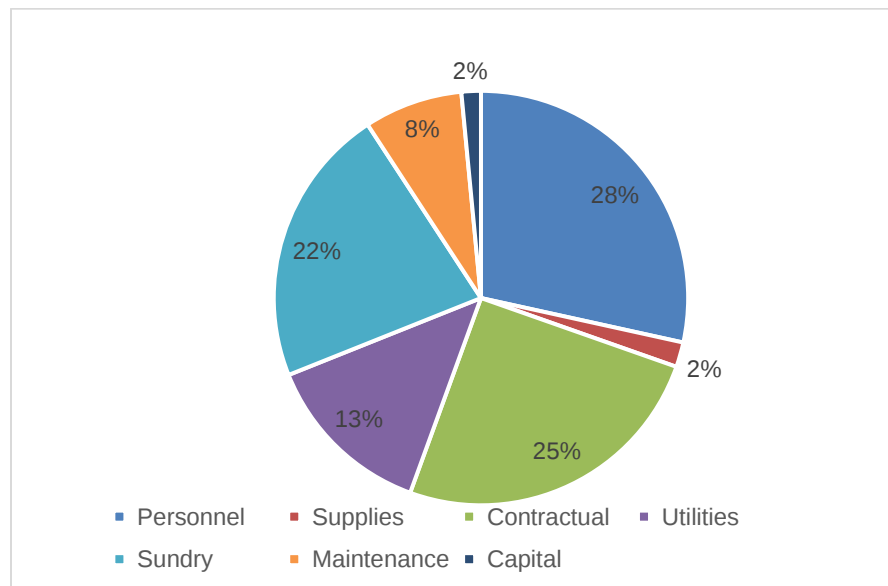
- Contractual: Increase Mowing (\$7,000)



FY 2025 BUDGET EXPENDITURE SUMMARY

COMMUNITY FACILITIES

Totals	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Community Facilities					
Airport	180,666	223,643	187,280	184,645	183,770
Civic Center	164,268	182,647	196,350	192,590	222,300
Community Facilities	93,185	106,615	105,050	112,175	88,895
Subtotal	438,119	512,905	488,680	489,410	494,965
Personnel	114,050	136,845	132,100	134,120	140,800
Supplies	15,383	7,659	11,700	6,475	9,600
Contractual	97,550	106,937	116,330	119,445	124,565
Utilities	59,816	67,110	65,600	63,950	66,300
Sundry	123,757	166,020	110,600	103,770	108,100
Maintenance	27,146	22,021	37,350	46,450	38,100
Capital	419	6,313	15,000	15,200	7,500
Total	438,119	512,905	488,680	489,410	494,965





FY 2025 BUDGET
CENTER MUNICIPAL AIRPORT - #607

The mission of the Center Municipal Airport is to provide sufficient air service facilities to aid in economic development, business operations, and recreation. The airport also serves as a fueling station for pilots on an as needed basis.

DESCRIPTION

The Center Municipal Airport consists of one 5,501' lighted runway; other airport facilities include 34 hangars, 1 office and terminal building which includes a pilot's lounge, and one fueling station.

FY 2024 ACCOMPLISHMENTS

Redeveloped hangar rental list & fees
City owned T-Hangar occupancy increased
Completed Airport Advisory Board requested minor improvements for use and function of fuel service, tie downs and lounge
Secured reimbursement from TxDOT RAMP grant program
Fuel system Enhancement – new hoses & auto reels

Council Direction/Strategic Plan

Objective D – Tran 2

Objective D – Tran 3
Objective D – Tran 2

FY 2025 GOALS

Continue to enhance Pilots' Lounge
Provide great customer service to visitors and fuel customers
Increase fuel sales
Assist with Airport Layout Plan completion – TXDoT Project
Complete AWOS Replacement Installation – TXDoT Grant

Objective D – Tran 2

Objective D – Tran 3
Objective D – Tran 3

DEPARTMENT STAFFING

Title	Current Staffing
Airport Facility Maintenance	0.5



**FY 2025 BUDGET
CENTER MUNICIPAL AIRPORT**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	21,156	28,075	28,750	29,220	30,850
Supplies	6,132	715	2,200	925	1,950
Contractual	8,241	9,517	15,280	15,330	14,720
Utilities	15,141	16,942	17,950	16,600	17,150
Sundry	120,404	163,270	104,600	100,420	104,600
Maintenance	9,592	4,928	8,500	7,150	9,500
Capital	-	197	10,000	15,000	5,000
TOTAL	180,666	223,643	187,280	184,645	183,770

PERFORMANCE MEASURES

Fuel Sold	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Fuel Transactions	443	494	226	551	590	887	670
100 LL (gallons)	9,596	10,582	6,993	14,442	10,609	23,820	13,374
Jet A (gallons)	5,227	4,724	6,208	3,459	20,607	14,570	12,158

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Capital: Decrease matching funds for TXDoT Aviation RAMP Grant (\$5,000) due to improved 90%/10% program



FY 2025 BUDGET
CIVIC CENTER - #616

Manages, maintains, and schedules the use of the Windham Civic Center and the Community House.

DESCRIPTION

- Manage the Windham Civic Center and the Community House, including coordinating events, bookings, lease agreements, and marketing.
- Ensure condition of facilities for events by working with City staff and outside contractors.
- Oversight and scheduling of maintenance and custodial functions at the Windham Civic Center and Community House.

FY 2024 ACCOMPLISHMENTS

Facility Rehab – Major cleaning and
Increased Revenues - Increased total rentals

Council Direction/Strategic Plan

FY 2025 GOALS

Complete Lighting Retrofit – SECO grant project
Expand the marketing tools and efforts to increase rentals
Redevelop website for exposure and customer interaction
Maintenance and/or replacement programs for HVAC
Create rental SOPs and train staff for event supervision

DEPARTMENT STAFFING

Title	Current Staffing
Civic Center Director	1
Facility Maintenance – PT Pool Position	.5



**FY 2025 BUDGET
CIVIC CENTER**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	92,894	108,770	103,350	104,900	109,950
Supplies	8,948	6,941	8,200	5,000	7,300
Contractual	25,029	21,470	26,300	29,240	42,050
Utilities	26,470	28,090	26,650	25,750	35,150
Sundry	3,352	2,750	6,000	3,150	3,500
Maintenance	7,156	12,110	20,850	24,350	21,850
Capital	419	2,516	5,000	200	2,500
TOTAL	164,268	182,647	196,350	192,590	222,300

PERFORMANCE MEASURES

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
WCC Events	224	203	81	155	137	151	154
Utilization Rate	61%	56%	22%	43%	38%	45%	47%
Appx Attendance	15,304	14,014	3,180	13,962	13,196	14,970	17,190
Cancellations	0	0	80	20	0	1	0
Room Rental Revenue	\$50,233	\$56,567	\$30,195	\$48,975	\$29,165	\$29,165	\$37,900
Avg. Revenue/Use	\$224	\$279	\$372	\$316	\$213	\$213	\$246
Comm House Events		53	47	62	106	76	86
Appx Attendance					6,635	4,725	6,451
Rental Revenue		\$12,345	\$11,469	\$13,085	\$14,945	\$16,615	\$12,615
Avg. Revenue/Use		\$233	\$244	\$211	\$141	\$210	\$146

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Overall Increase from Reallocation of Community House budget items into Department (\$18,000)
All prior year costs were budgeted in Community Facilities Department
- Supplies: \$2,300
- Contractual: Increases to Technology Fund (\$3,050)
- Capital: Enhanced equipment replacements (\$2,300)



FY 2025 BUDGET
COMMUNITY FACILITIES - #617

The Community Facilities budget provides funding for the maintenance, operations and upkeep of three different facilities within the City: The Fannie Brown Booth Memorial Library, and the Center Senior Nutrition Center. 301 Nacogdoches was included into this account group when transitioned from departmental activity during FY22 when it became general storage primarily for Recreation and Downtown amenities.

FY 2024 ACCOMPLISHMENTS

Council Direction/Strategic Plan

Completed Lighting Retrofit of Senior Center – SECO Grant
Improved Storage at 301 Nacogdoches
Repaired Doors/Areas at Library

FY 2025 GOALS

Assist Library with Tocker Renovation Grant
Develop replacement programs for HVAC

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	-	-	-	-	-
Supplies	303	3	1,300	550	350
Contractual	64,280	75,950	74,750	74,875	67,795
Utilities	18,204	22,078	21,000	21,600	14,000
Sundry	-	-	-	200	-
Maintenance	10,398	4,983	8,000	14,950	6,750
Capital	-	3,600	-	-	-
TOTAL	93,185	106,615	105,050	112,175	88,895

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Reduction of overall Budget from reallocation of Community House activity costs to Civic Center Department (\$18,000)



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FY 2025 BUDGET ANALYSIS OF STRUCTURAL BALANCE

The City's policy, as expressed in the City Charter, is to adopt a balanced budget where total revenues are greater than or equal to expenditures. A step toward improved governance and financial stewardship is the concept of having a structurally balanced budget. A structurally balanced budget seeks to match stable recurring revenues with ongoing expenditures, and flexible/one-time revenues with special expenditures.

According to the Government Finance Officers Association (GFOA), a recurring revenue is revenue that the City can reasonably expect to receive each year with a degree of predictability. Property taxes are examples of recurring revenue. Sales taxes are also recurring revenue, however, there is a degree of elasticity and a portion of this revenue stream is considered non-recurring. Examples of non-recurring revenues include building inspection fees, grants, interest earnings, airport fuel sales, etc.

Recurring expenditures are similar in that the costs of providing basic City services can be relatively stable. Examples include personnel costs, insurance, utilities, etc. Again, non-recurring expenditures can be large one-time purchases, such as land acquisition or capital maintenance items.

Ideally, a City's basic services would be fully funded by recurring revenues. And that non-recurring expenses would be less than or equal to non-recurring revenues.

The table on the following page shows that the recurring revenues exceed recurring expenditures by \$5,780. 98% of the City's General Fund expenditures are recurring, while the remaining non-recurring expenses are only 2% of the budget. This reflects a situation of where the City of Center has achieved a degree of structural balance. Recurring revenues, therefore, need to be addressed to reduce any dependency on the non-recurring revenues which should be used exclusively to fund non-recurring expenses.



REVENUES	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed	Recurring	Non- Recurring
Property Taxes	1,333,376	1,451,439	1,461,500	1,488,632	1,572,000	1,520,000	52,000
Sales Taxes	2,509,148	2,699,079	2,795,150	2,748,700	2,798,600	2,723,000	75,600
Law Enforcement	216,150	172,218	210,300	213,354	232,550	189,000	43,550
Franchise Fees	717,527	758,045	751,300	727,005	811,100	746,000	65,100
Airport	180,675	220,209	160,000	172,500	193,000	143,000	50,000
Permits	30,613	40,642	30,200	36,550	40,100	25,300	14,800
Usage Fees	58,280	90,105	70,200	82,200	87,950	69,500	18,450
Solid Waste	-	-	-	-	-	-	-
Miscellaneous	14,980	19,895	1,350	20,400	15,220	1,750	13,470
Transfers	805,103	745,000	745,000	745,000	720,000	720,000	-
Interest	23,837	146,113	74,700	120,000	112,100	25,000	87,100
Grants	125,841	53,022	81,500	108,525	34,000	22,500	11,500
TOTAL	6,015,531	6,395,767	6,381,200	6,462,867	6,616,620	6,185,050	431,570

EXPENDITURES	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed	Recurring	Non- Recurring
Non Departmental	583,240	1,336,854	367,190	408,225	280,100	197,700	82,400
City Hall	855,636	1,011,977	1,070,050	1,044,300	1,103,940	1,041,440	62,500
Police	2,065,768	2,295,609	2,614,660	2,496,230	2,829,275	2,683,675	145,600
Fire	508,522	573,276	645,840	619,750	675,360	640,860	34,500
Street	453,219	541,291	571,900	617,880	598,760	561,260	37,500
Airport	180,666	223,643	187,280	184,645	183,770	177,270	6,500
Cemetery	19,270	21,890	22,200	28,500	35,500	33,000	2,500
Parks	285,697	311,686	358,700	351,365	338,970	312,470	26,500
Inspection	88,490	88,282	96,730	98,960	105,070	102,570	2,500
Municipal Court	113,670	99,694	115,850	113,900	124,580	121,330	3,250
Animal Control	25,360	24,555	29,400	22,250	30,100	28,600	1,500
Civic Center	164,268	182,647	196,350	192,590	222,300	194,800	27,500
Community Facilities	93,185	106,615	105,050	112,175	88,895	84,295	4,600
TOTAL	5,436,991	6,818,019	6,381,200	6,290,770	6,616,620	6,179,270	437,350



FY 2025 BUDGET DEBT SERVICE FUND

Cities will often incur various amounts of debt to fund major capital expenses. Capital expenses are typically classified in one of two ways: either they are assets that have a very large purchase price or a long useful expectancy. The City of Center has incurred debt to pay for projects in both categories.

Why Debt?

In today's economic environment, there is a great debate over debt and its place in government operations. In short, debt to pay for daily governmental operations is irresponsible; this is a value that the leadership of the City of Center does not subscribe. The responsible uses of debt to pay for investments to improve the quality of life in the City or to contribute to further community development make debt a useful tool.

The justification for issuing debt to make these purchases holds that future citizens who enjoy the use of certain infrastructure have an obligation to pay for it. For example, a family living in the City five years from now, should help pay for the improvements to the park where they take their children to play. The following sections will illustrate how the City of Center is responsible with the debt it has issued and intends to issue.

Measures of Capacity – Peer Comparisons

City	Population	Total Net Taxable	Gross Tax Rate	Total Ad Valorem Debt	Debt per Capita	Debt per Taxable Value	Taxable Valuable per Capita
Carthage	6,851	386,937,446	0.5894000	7,295,000	1065	1.9%	56479
Bridge City	9,546	482,539,853	0.4822800	5,010,000	525	1.0%	50549
Canton	4,312	398,180,293	0.5300000	15,873,572	3681	4.0%	92342
Brazoria	3,112	172,988,912	0.6804760	4,790,000	1539	2.8%	55588
Hempstead	8,835	347,414,994	0.5609050	3,691,520	418	1.1%	39323
Muleshoe	5,158	161,810,830	0.7460000	3,579,000	694	2.2%	31371
Gilmer	5,216	387,286,784	0.5707940	22,956,000	4401	5.9%	74250
Kilgore	14,948	1,289,692,196	0.5990000	15,285,000	1023	1.2%	86279
Lamesa	9,461	315,627,910	0.7990700	26,069,631	2755	8.3%	33361
Decatur	7,572	1,038,996,413	0.6452580	61,725,000	8152	5.9%	137216
Childress	6,700	276,182,072	0.7537940	713,716	107	0.3%	41221
Crandall	5,006	354,919,689	0.7300000	12,823,000	2562	3.6%	70899
Liberty	9,506	743,916,400	0.6121585	22,655,000	2383	3.0%	78258
Denver City	4,911	217,897,188	0.7877727	0	0	0.0%	44369
Port Neches	13,601	1,229,635,461	0.6850000	20,585,000	1513	1.7%	90408
Dimmit	4,375	116,573,030	0.6059000	0	0	0.0%	26645
Jacksonville	14,923	896,163,448	0.6806500	26,613,000	1783	3.0%	60052
Average	7,884	518,633,113	0.650498	14,686,143	1,918	2.7%	62859
Center	5,401	337,390,920	0.602640	8,074,978	1495	2.4%	62468

Table 1 – Peer City Comparison Source: 2023 Texas Municipal League Annual Tax and Debt Survey

Table 1 of this section provides the comparison cities' data as it relates to their debt levels. The total outstanding debt is a calculation of any General Obligation (GO) debt, Certificates of Obligation (CO) debt, and Tax Notes that are supported by Ad Valorem taxes. The table indicates that Center has one of the lowest levels of outstanding principal, a tax rate that is below the average of the comparison cities in terms of the proposed tax rate of \$0.60762 and a reasonable debt per capita ratio.



DEBT LIMITS

The City of Center's Debt Policy ([Appendix A](#)) states that the City shall not incur property tax supported debt in an amount exceeding 4% of the net taxable value. At the end of FY 2024, parameters will be well below self-imposed debt limits as indicated in the following table.

Net Taxable Assessed Value	\$367,674,385
Debt Limit - Four Percent (4%) of Taxable Assessed Value	\$14,746,975
Amount of Principal Applicable to Debt Limit - Ad Valorem Debt	\$6,995,000
Percent Principal to Debt Limit	47.4%
Percent Principal to Net Taxable Assessed Value	1.9%

DEBT SERVICE FUND HIGHLIGHTS

Revenue

The proposed FY 2025 City tax rate is \$0.607620 per \$100 of taxable value. The interest and sinking rate is projected to increase to \$0.21601. The projected amount to be raised from ad valorem taxes for debt payments is \$767,440.

The inter-fund transfer from the water utility fund is projected to increase by \$493,100 to \$962,200. This is predominantly to make the required payments for the entirety of the 2024 CO's for utility improvements.

In FY 2016, the City received a pledge from Portacool, LLC towards the construction of the expansion at Mini-Park. The City was also awarded a Texas Parks and Wildlife grant to assist with this project's funding. The FY 2023 Proposed Budget allocates none of these funds toward a portion of the 2016 CO debt instrument's payment in accordance with Council action to postpone payments on this agreement for FY 2024 and FY 2025.

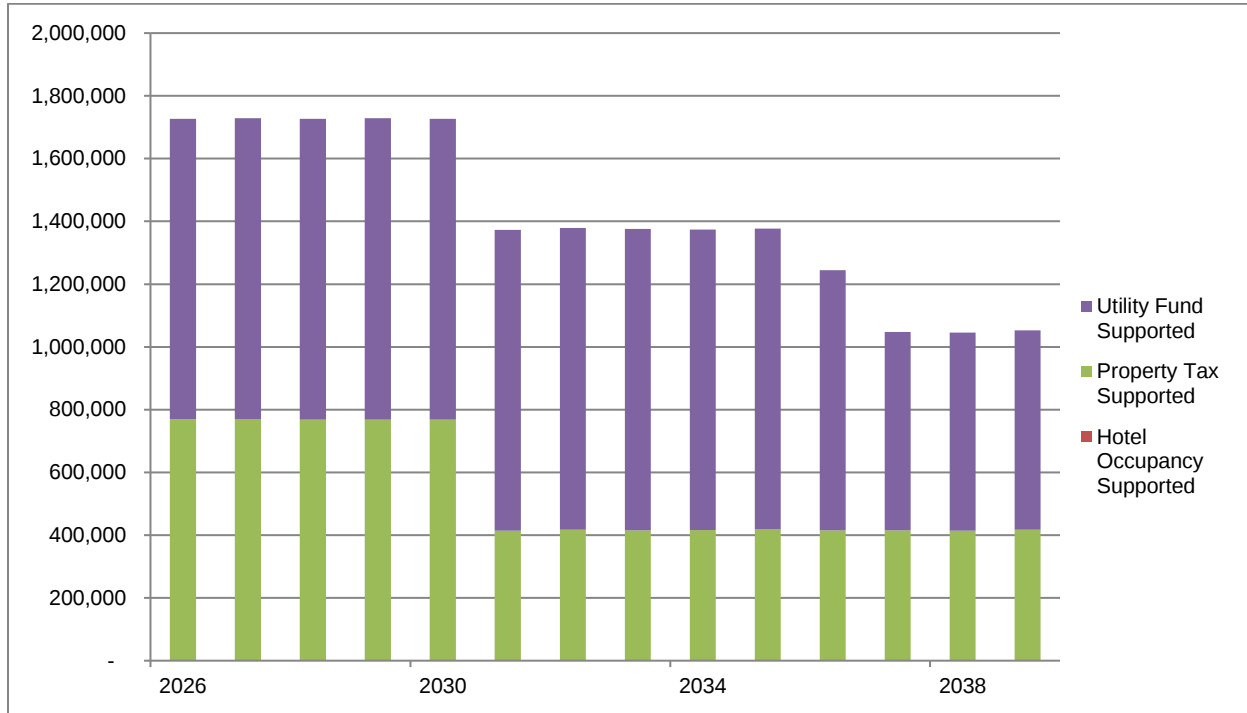
Lastly, the 4B EDC voted to make a 10-year commitment to assist with the funding of the 2019 CO's that were issued to pay for the Downtown Renewal project related to resurfacing of the roadways. The council elected to utilize 2/3rds of the FY 2023 commitment and delay the use of the \$50,000 balance as well as the FY 2024 and FY 2025 obligations.

Year	Transfer from 4B EDC	
2020	(159,600)	
2021	(150,400)	
2022	(150,000)	
2023	(150,000)	Reduced to \$100,000
2024	(100,000)	Reduced to -\$0
2025	(100,000)	Reduced to -\$0
2026	(100,000)	
2027	(100,000)	
2028	(100,000)	
2029	(100,000)	
2030	(142,000)	



Expenditures

Graph 1 of this section illustrates the total projected debt service and supporting revenue source.



Graph 1 – Total existing debt service payments FY 2025 - 2039

City's debt position has improved with retirement of the 2014 Tax Notes and 2021 refunding of callable amounts of the 2011 CO's for annual savings. Remaining 2011 CO's and 2012 Refunding CO's were retired during FY 2023. Table 3 below shows the schedule for ad valorem and utility supported debt.

Debt Instruments

Name	Original Principal Amount	Outstanding Principal	Interest Rate	Maturity Date
TWDB 2012 CO's	2,070,000	1,021,000		8/15/2036
Series 2016 CO's	3,960,000	655,000		8/15/2036
Series 2019 CO's	6,220,000	3,705,000		8/15/2039
Series 2021 GO Refunding	3,080,000	2,635,000		8/15/2031
Series 2024 CO's (prelim)	6,000,000	6,000,000		8/15/2044

Table 3 – Combined (Principal) debt schedule



**FY 2025 BUDGET
DEBT SERVICE FUND**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
REVENUE					
Taxes - Current Year	629,185	649,147	769,870	757,000	767,440
Interest - Debt Service	2,818	20,310	2,150	12,500	5,400
Transfer - 4A EDC (airport)	-	-	-	-	-
Transfer - Interfund Hotel/Motel	143,000	-	-	-	-
Transfer - Interfund Water Debt	473,000	472,700	469,100	469,100	962,200
Transfer - Interfund Park Fund	-	-	-	-	-
Transfer - 4B EDC	150,000	100,000	-	-	-
Total - Revenue	1,398,004	1,242,157	1,241,120	1,238,600	1,735,040
EXPENDITURES					
Principal					
2007 CO's	140,000	-	-	-	-
2011 CO's	109,783	104,978	-	-	-
2012 CO's - TWDB	90,000	95,000	95,000	95,000	95,000
2012 GO Refunding	220,000	225,000	-	-	-
2014 Tax Notes	-	-	-	-	-
2016 CO's	165,000	180,000	180,000	180,000	190,000
2019 CO's	190,000	195,000	200,000	200,000	210,000
2021 GO Refunding	15,000	15,000	415,000	415,000	420,000
Police Technology Note	-	-	-	-	294,180
Total Principal	1,001,794	814,978	890,000	890,000	1,209,180
Interest					
2007 CO's	2,800	-	-	-	-
2011 CO's	45,217	50,022	-	-	-
2012 CO's - TWDB	36,658	35,129	33,350	33,350	31,400
2012 GO Refunding	11,125	5,625	-	-	-
2014 Tax Notes	-	-	-	-	-
2016 CO's	86,663	83,163	79,560	79,560	74,163
2019 CO's	200,275	190,775	181,030	181,030	171,025
2021 GO Refunding	58,275	57,975	53,680	53,680	45,850
Total Interest	441,012	422,688	347,620	347,620	518,558
Fees					
Annual Bank Agent Fees	2,871	2,250	3,500	3,500	3,500
Total Fees	2,871	2,250	3,500	3,500	3,500
Total - Expenditures	1,445,677	1,239,916	1,241,120	1,241,120	1,731,238
Beginning Fund Balance	183,940	136,267	170,540	138,507	135,987
Revenue Over/(Under) Expenditures	(47,673)	2,241	160	(2,520)	3,803
Ending Fund Balance	136,267	138,507	170,700	135,987	139,790



**FY 2025 BUDGET
WATER/SEWER UTILITY FUND**

FUND NARRATIVE

The Water/Sewer Utility Fund is an enterprise fund that includes all water and wastewater system operations. The City provides water and wastewater service within its designated Certificate of Convenience and Necessity (CCN) area to all visitors, businesses and approximately 6,000 residents, including some outside the City limits with approximately 2,500 accounts.

The City produces consumable water from two surface water treatment plants at Lake Pinkston and Old City Lake. The water is transported to the City and is distributed by over 87 miles of water lines.

The City operates one wastewater treatment plant, located on the northeast side of the City. The wastewater collection system utilizes six lift stations throughout the City. The City received funding from the Texas Water Development Board and in 2018 completed construction of a large lift station at one of the lowest points in the area; this allowed for the elimination of five lift stations.

This budget provides funding for all positions. The budget also takes into account increases in operating costs such as a higher price of utilities and chemicals. Of particular importance this year is increases in payroll and benefits to offset rapid inflation. In additional recognition of the economic conditions, no rate increases are projected for residential customers this year with minimal adjustments for commercial and industrial customer classes.

UTILITY FUND REVENUE

Utility revenue is collected by the City as a result of water sales to customers and fees for wastewater (sewer) collection and treatment. Approximately 97% of total revenues into this fund originate from water sales and wastewater fees of which water sales alone account for 72%.

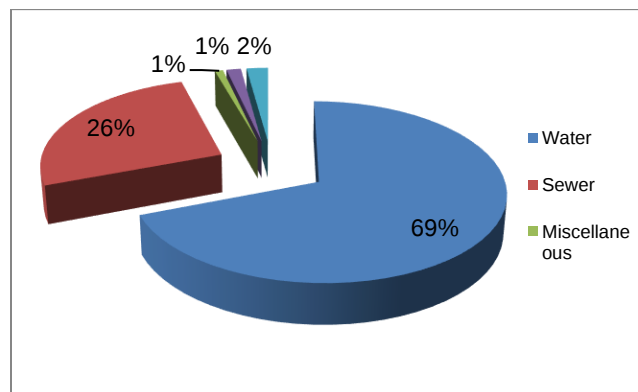
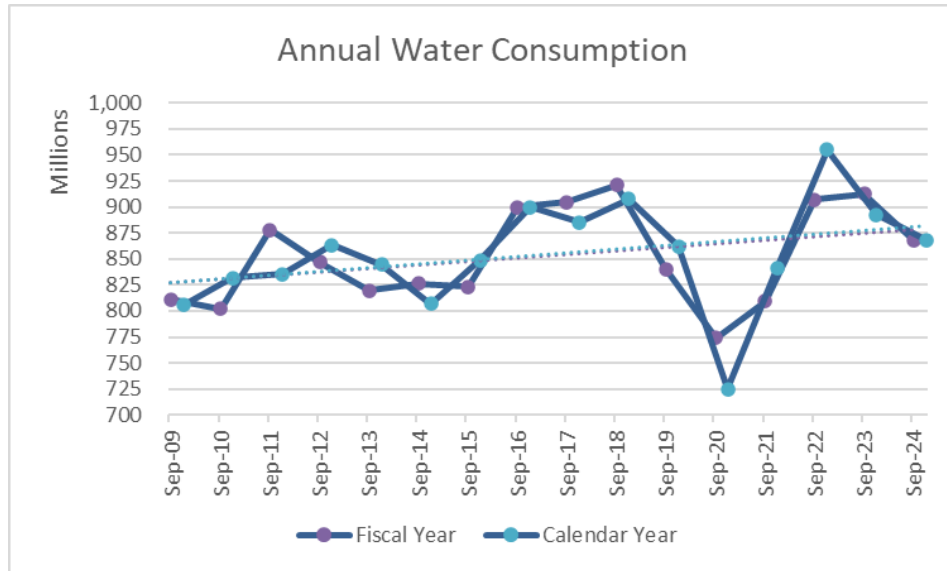


Chart 1 - Utility Fund Revenue

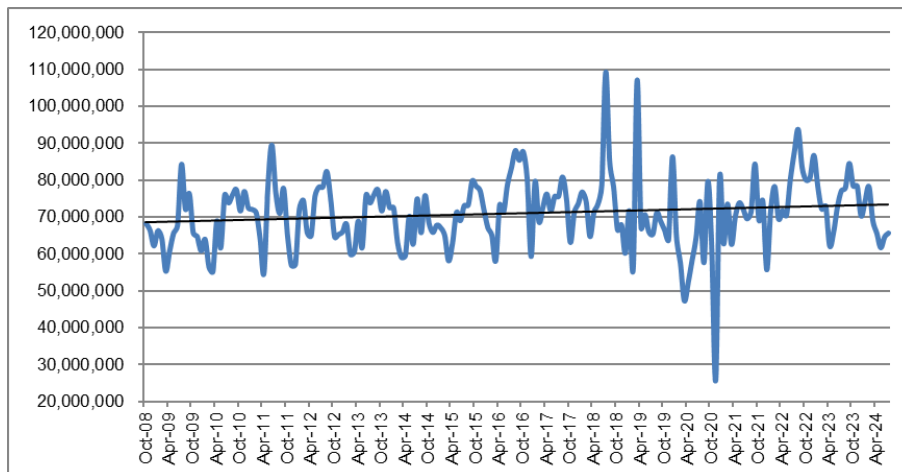


Water sales and wastewater fees are calculated based on metered water consumption. The City completed a transition to radio read water meters reducing costs and increasing reliability reading the approximately 2,300 meters. Graph 1 in this section illustrates the amount of water consumed annually including trendline for projecting future needs for system capabilities to meet customer demand.



Graph 1 – Annual Water consumption. 2008 through 2024 (projected)

Monthly consumption peaks during the summer months and ebbs during winter evidenced in Graph 2. The primary factor effecting daily consumption is the Tyson Foods plant. Product line additions in Summer 2011 and further expansion completed in 2018, created additional daily demand. The temporary drops in water consumption in FY 2020 correlate to a very wet Spring, COVID work restrictions and Tyson closing production for capital maintenance in November, 2020. The City also provides intermittent sales to rural Water Supply Corporations (WSC's) that can fluctuate dramatically based on the WSC's well production.



Graph 2 – Monthly Water consumption. October 2008 through June 2024



Despite growth in Consumer Price Index (inflation) which this year stands at 4.6% and results in increased cost of personnel, materials, supplies and utilities, revenue is projected to derive from increased consumption rather than rate adjustments for this year.

It is also helpful to explore the City's utility rates compared to other similar-sized communities in the region. Table 1 provides this information which shows that Center's residential utility rates are competitive with other comparison cities. The data also indicate that Center's residential utility rates are well below the state average for similar-sized cities particularly in light of the fact that most systems have some groundwater production which is significantly less expensive to treat.

5000 Gallons -Residential				
City	Population	Water	Wastewater	Total
Longview	82,287	18.45	24.25	42.70
Kerrville	24,477	31.64	40.19	71.83
Marshall	23,935	30.79	38.48	69.27
Mount Pleasant	16,275	26.23	30.66	56.89
Sulphur Springs	16,272	31.55	32.91	64.46
Kilgore	14,948	38.46	41.77	80.23
Henderson	13,812	31.00	25.50	56.50
Whitehouse	9,460	51.73	24.52	76.25
Crockett	6,950	52.12	36.77	88.89
Carthage	6,851	26.25	31.55	57.80
Madisonville	4,565	73.96	73.96	147.92
Canton	4,312	41.75	38.45	80.20
Daingerfield	2,560	37.75	29.00	66.75
Jefferson	2,199	45.50	37.75	83.25
Waskom	2,190	41.82	32.21	74.03
San Augustine	2,180	43.91	n/a	n/a
Alto	1,225	52.50	41.55	94.05
Hemphill	1,198	46.45	42.00	88.45
Tenaha	1,160	35.00	30.50	65.50
Timpson	1,116	22.60	17.60	40.20
Pineland	850	38.50	33.50	72.00
Beckville	783	38.25	29.25	67.50
Average	10,891	38.92	34.87	73.79
Center	5,401	32.50	31.25	63.75

Table 1 – 2023 Residential Utility Rate Comparison
Source: Texas Municipal League 2023 Annual Utility Rate Survey



It is also enlightening to examine water consumption by customer class. The City's single largest water customer class is Industrial - Poultry, which is chiefly consumption from Tyson Foods processing facility. The other customer classes are detailed in Table 2 as a percentage of total water sales.

Customer Class	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Residential	14%	12%	11%	11%	11%	15%	13%	10%	11%
Multi-Family	3%	2%	3%	2%	2%	3%	4%	3%	3%
Commercial	9%	9%	9%	9%	6%	6%	5%	7%	7%
Rural WSC	5%	5%	5%	6%	1%	0%	0%	1%	0%
Tyson	69%	64%	61%	59%	68%	63%	67%	68%	70%

Table 2 – Percentage by customer class to total water consumption

Residential and commercial water sales projections were developed for the FY 2025 Budget that analyzed the number of accounts by meter size and the amount of total consumption by customer class. This method allows the City to be more precise in estimating utility revenues. It should be noted that these revenue estimates are highly dependent upon customer demand which are influenced by general economic conditions and the weather.

Finally, the total amount of water sales is illustrated in Table 3, which provides historical data on the amount of total water revenue generated.

	Gross Water Sales
FY 2024 – projected	\$ 3,278,200
FY 2023	\$ 3,196,511
FY 2022	\$ 3,257,247
FY 2021	\$ 2,829,285
FY 2020	\$ 2,565,528
FY 2019	\$ 2,633,930
FY 2018	\$ 2,952,983
FY 2017	\$ 2,859,710
FY 2016	\$ 2,743,645
FY 2015	\$ 2,640,472
FY 2014	\$ 2,534,007
FY 2013	\$ 2,701,104
FY 2012	\$ 2,276,832
FY 2011	\$ 2,418,146
FY 2010	\$ 2,252,937

Table 3 – Annual Water Sales

COST ALLOCATION

Each year the City updates the cost allocation study for the two main Utility Fund activity centers and how costs compare to the revenue derived from each individual function. The direction provided by Council is that each funding stream should be as self-sufficient as possible. While the Utility Fund overall is in a healthy position, it is clear the water rate generates enough funding to subsidize overall sewer operations. This has occurred due to a few factors:



- Much of the debt the Utility Fund is carrying is related to sewer projects. When that is allocated to sewer operations, it inflates the sewer total.
- The Tyson plant is not an industrial sewer customer. Therefore, the large water bill they pay does not have the corresponding sewer fee. However, the profit margin from the large bill subsidizes the remainder of the system, reducing the cost burden on residential customers.

The City has sought to mitigate this situation by raising the sewer rate at a faster pace than the water rate.

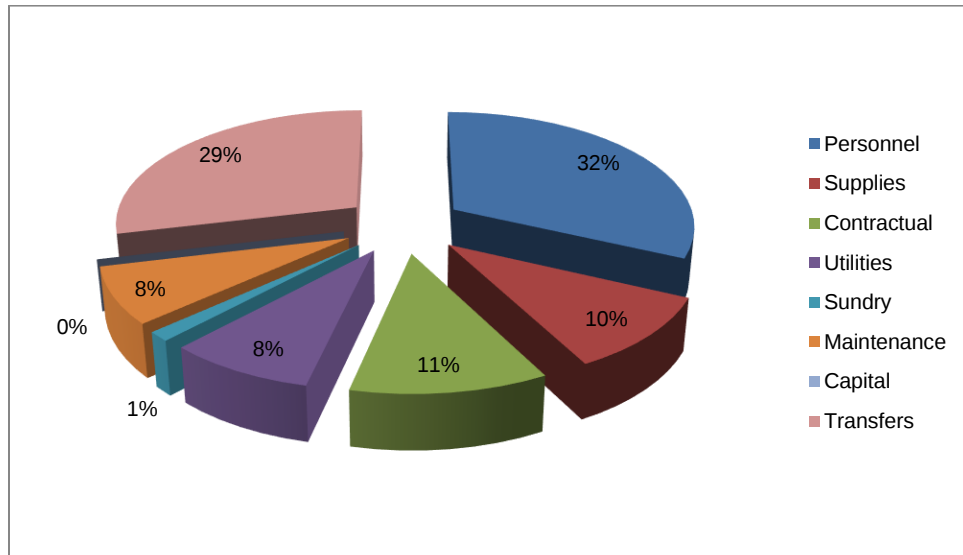
Prime Account	Non Departmental	Water Production	Water Distribution	Public Works	TOTAL
Personnel	-	581,400	246,150	209,370	1,036,920
Supplies	7,750	378,100	8,600	3,800	398,250
Contractual	33,350	151,100	55,700	35,330	275,480
Utilities	0	275,000	2,100	7,670	284,770
Sundry	15,925	11,350	1,200	1,200	29,675
Maintenance		104,200	85,700	10,300	200,200
Capital		-	-	-	-
Fund Transfers	852,500				852,500
TOTAL	909,525	1,501,150	399,450	267,670	3,077,795
FY 2025 Estimate Water Revenues					(3,505,500)
Other Revenue					(112,725)
Total Allocated Water Revenue					(3,618,225)
Revenues (Over)/Under Expenditures					(540,430)
Prime Account	Non Departmental	Sewer Collection	Sewer Treatment	Public Works	TOTAL
Personnel	-	183,000	292,850	104,680	580,530
Supplies	7,750	4,850	110,200	1,900	124,700
Contractual	33,350	45,250	200,150	17,665	296,415
Utilities	0	35,500	105,500	3,835	144,835
Sundry	15,925	1,000	20,500	600	38,025
Maintenance		88,400	104,200	5,150	197,750
Capital		-	-	-	-
Fund Transfers	604,900				604,900
TOTAL	661,925	358,000	833,400	133,830	1,987,155
FY 2025 Estimate Sewer Revenues					(1,334,000)
Other Revenue					(112,725)
Total Allocated Sewer Revenue					(1,446,725)
Revenues (Over)/Under Expenditures					540,430

These estimates exemplify that operational expenses are now segregated to ensure sewer is self-sustaining. This does not however, indicate that the debt associated with each utility operation is completely supported by the corresponding revenues. Building the debt component will be the final aspect of ensuring that appropriate revenues are supporting the entirety of each utility function and generates most of the current disparity between the distinct operations.

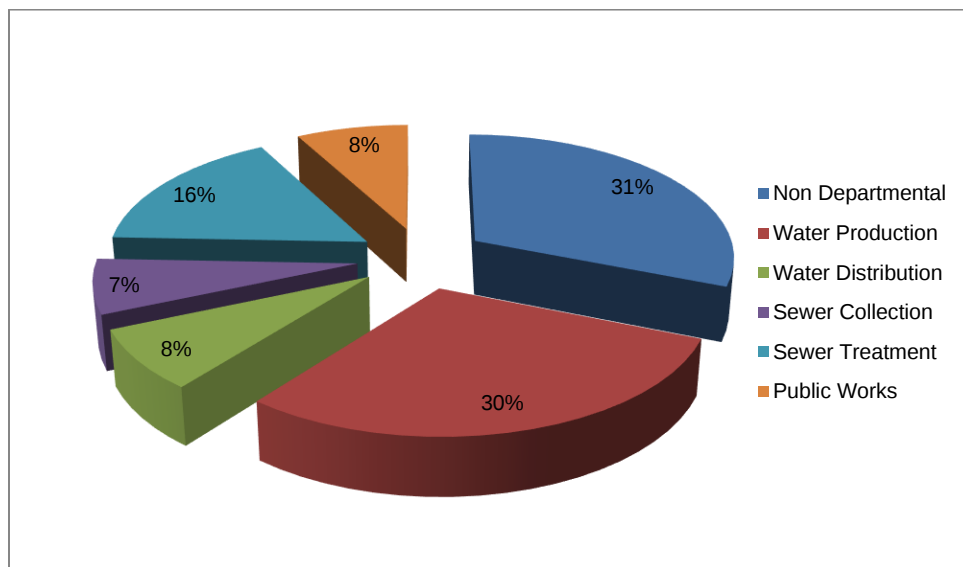
UTILITY FUND EXPENDITURES

This budget includes increases in operational department budgets relating to personnel services for enhanced compensation including a 3% COLA pay scale increase and funding for annual merit raise tied to annual evaluations. All other notable items are specifically listed on each department's page.

FY 2025 Budget – Utility Expenditures by Prime Account



FY 2025 Budget – Utility Expenditures by Department





**FY 2025 BUDGET
UTILITY FUND SUMMARY**

Revenues

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
REVENUES					
Water	3,259,079	3,209,505	3,209,000	3,278,200	3,505,500
Sewer	1,152,139	1,127,272	1,115,000	1,267,000	1,334,000
Miscellaneous	45,596	17,340	3,700	159,200	42,000
Interest	13,024	75,978	51,000	95,500	74,000
Tap Fees & Charges	101,064	98,270	98,400	113,725	109,450
Transfers	1,154,649	-	-	-	-
TOTAL	5,725,550	4,528,365	4,477,100	4,913,625	5,064,950

Expenditures

Non Departmental	718,757	1,068,542	1,068,750	1,125,225	1,571,450
Water Production	1,240,884	1,619,974	1,591,240	1,534,715	1,501,150
Water Distribution	288,249	375,783	386,660	394,230	399,450
Sewer Collection	188,047	280,281	299,750	299,965	358,000
Sewer Treatment	648,179	864,910	798,410	887,815	833,400
Public Works	246,436	320,855	332,290	342,480	401,500
TOTAL	3,330,553	4,530,345	4,477,100	4,584,430	5,064,950
Personnel	1,087,150	1,372,049	1,536,100	1,419,750	1,617,450
Supplies	512,956	598,071	503,300	677,775	522,950
Contractual	409,507	512,098	542,800	551,235	571,900
Utilities	374,414	468,399	437,150	430,200	429,600
Sundry	81,161	72,769	72,150	85,050	67,700
Maintenance	229,908	410,403	376,800	394,625	397,950
Capital	-	117,072	35,000	5,295	-
Fund Transfer	635,458	979,484	973,800	1,020,500	1,457,400
TOTAL	3,330,553	4,530,345	4,477,100	4,584,430	5,064,950



**FY 2025 BUDGET
REVENUE DETAIL**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Water - City Accounts		200			
Water Residential	752,957	717,039	739,000	730,000	781,000
Water Bulk	2,076	3,756	2,500	6,950	7,000
Water Misc. Commercial	459,872	478,460	455,000	490,000	524,000
Water Construction	1,833	1,447	1,500	250	500
Poultry Processing	1,854,334	1,825,556	1,828,000	1,870,000	2,000,000
Rural Water	23,721	9,594	13,000	12,500	13,000
Industrial Plants	10,740	12,320	11,000	12,500	13,000
Outside City Limits	153,547	161,134	159,000	156,000	167,000
Water	3,259,079	3,209,505	3,209,000	3,278,200	3,505,500
Sewer Billed Charges	1,081,133	1,042,058	1,065,000	1,052,000	1,084,000
Contractual Disposal	71,006	85,213	50,000	215,000	250,000
Sewer	1,152,139	1,127,272	1,115,000	1,267,000	1,334,000
Returned Check	875	690	500	1,500	1,000
Insurance Claims	-	13,255		7,050	5,000
Workers Comp Discount	(611)	(15)		-	
Other	1,495	9		200	
Vending Machine	100	1,066		550	500
Surplus Equipment	-	-		97,800	
DETEC Capital Credit					
Special Project Revenue	35,691	-		20,000	
Utility Contractor Dmg	4,717	-	500	-	500
Lake Pinkston Leases	-	-	-	31,500	32,500
Mineral Rights	2,788	2,335	2,200	600	2,000
Miscellaneous	45,596	17,340	3,700	159,200	42,000
Interest Water Fund	11,497	66,333	45,000	85,000	65,000
Interest Water Refund	1,526	9,645	6,000	10,500	9,000
Interest	13,024	75,978	51,000	95,500	74,000
Administrative Fees	5,380	5,920	6,000	6,500	6,500
10% Penalty	44,059	52,079	52,500	57,500	55,500
10% Penalty A/R					
Reconnection Fee	27,475	26,776	25,000	22,500	25,000
Plumbing Permits	5,575	6,650	6,000	5,500	6,000
Plumbing Inspection	175	105	100	-	100
After Hours Call Out	450	50	300	-	100
Meter Tampering	880	195	250	475	250
Water Taps	10,480	1,985	4,500	5,750	5,500
Sewer Taps	2,500	1,350	1,250	3,500	3,000
Meter Set Fee	4,090	3,160	2,500	12,000	7,500
Tap Fees & Charges	101,064	98,270	98,400	113,725	109,450
Interfund Transfer	1154649	-	0	0	0
Transfers	1154649	-	0	0	0
TOTAL	5,725,550	4,528,365	4,477,100	4,913,625	5,064,950



FY 2025 BUDGET

WATER PRODUCTION - #636

To provide an adequate supply of treated water for the City of Center residents and businesses that meets all federal and state regulations, in the most efficient manner possible

DESCRIPTION

The Water Production Department consists of eight full time operators who staff and maintain the city's two surface water treatment plants, nine storage tanks, three raw water pump stations, three treated water pump stations, and both of the city owned lakes. All operators must be certified by the Texas Commission on Environmental Quality. The Aiken plant is staffed 24 hours a day, seven days a week and treats water from Lake Pinkston. Average daily production is 3.1 million gallons and peak production capacity is 3.5 million gallons. The Mill Creek plant is staffed five days a week, twenty-four hours daily and treats water from Lake Center (Old City Lake). Average daily production is 850,000 gallons a day with peak production capability of 1.4 million gallons a day.

FY 2024 ACCOMPLISHMENTS

- Zero water treatment violations
- Annual Inspection, Maintenance and repair of elevated and ground storage water tanks
- Refinement of chemical treatment processes at Mill Creek plant
- Annual Lagoon maintenance and Sludge Removal Projects at both plants
- Major Capital Projects
 - Dam Clearing at Old City Lake to comply with TCEQ Inspection Report
 - Completed Pilot Studies for Water Treatment at Aiken Plant
 - Continued Monitoring Study for Reuse Project development

FY 2025 GOALS

- Coordinate Aiken Plant Reconstruction Project
- Explore Manganese and Iron reduction alternatives and options
- Continue lagoon sludge removal program
- Improve Operator training and certification levels

DEPARTMENT STAFFING

Title	Current Staffing
Chief Operator	1
Operator II	2
Operator I	5
Operator Trainee	3
Total	10



**FY 2025 BUDGET
WATER PRODUCTION****DEPARTMENT SUMMARY**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	409,034	558,380	611,700	547,200	581,400
Supplies	381,387	402,240	368,350	468,150	378,100
Contractual	77,532	138,547	151,490	144,965	151,100
Utilities	261,196	309,263	295,500	266,900	275,000
Sundry	17,933	10,370	14,500	10,750	11,350
Maintenance	93,804	90,894	119,700	96,250	104,200
Capital	-	110,281	30,000	500	-
TOTAL	1,240,884	1,619,974	1,591,240	1,534,715	1,501,150

PERFORMANCE MEASURES

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Total Gallons of Treated Water Produced – billion gallons	1.106	1.076	1.199	1.298	1.107	1.221	0.816
TCEQ Violations	0	0	0	0	0	0	0
Treatment Plant Capacity							
Mill Creek	1.5 mgd	1.5 mgd	1.5 mgd	1.5 mgd	1.5 mgd	1.5 mgd	1.5 mgd
Pinkston	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd
Storage Tank Capacity – million gallons	6.25	6.25	6.25	6.25	6.25	6.50	6.50
Average Cost to Treat 1,000 gallons	\$0.71	\$0.78	\$0.69	\$0.62	\$0.69	\$0.69	\$0.73

HIGHLIGHTS – FY 2025 Amended Budget Change From FY 2024 Estimate

- Personnel Services: Personnel increases from COLA & benefits
- Supplies: Projected decrease in Treatment Chemicals
- Contractual: Increase in Vehicle Lease – VRF (\$2,760) and Mowing (\$500); Reduction in Technology Fund (\$6,700)



FY 2025 BUDGET WATER DISTRIBUTION - #637

The Water Distribution Department's mission is to maintain the potable water supply of the City with a minimum system pressure of 35 psi in compliance with TCEQ regulations, and rapidly respond to customer service calls and system leaks/major line breaks.

DESCRIPTION

- Set water taps and meters for new accounts and customers
- Inspect and replace isolation valves
- Responsible for the flushing of the water system
- Install water mains as needed
- Repair leaks and broken lines
- Comply with TCEQ rules for operation, maintenance, and training

FY 2024 ACCOMPLISHMENTS

- Zero water distribution violations
- Continued electronic meter replacement program and monitoring
- Performed numerous water leak repairs, including the 18" water line - twice
- Expanded system testing and monitoring, with automatic flushing assemblies and test sites
- Refined work order process for accountability and improved response time

FY 2025 GOALS

- Acquire "Hot-tap" equipment for repair/replace of non-operating fire hydrants
- Maintain current flushing maintenance and replacement of aging mains & service lines
- Increase staff development and training on equipment and tools
- Obtain leak detection sonar equipment and pneumatic pipe cutting tool

DEPARTMENT STAFFING

Title	Current Staffing
Monitoring Tech	1
Meter Reader	1
Equipment Operator/Maintenance	1
Maintenance	1
Total	4



FY 2025 BUDGET WATER DISTRIBUTION

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	175,657	231,838	240,450	224,000	246,150
Supplies	9,194	8,008	9,000	8,450	8,600
Contractual	18,605	44,543	38,810	53,660	55,700
Utilities	1,373	1,724	2,200	2,100	2,100
Sundry	1,179	1,755	1,750	975	1,200
Maintenance	82,242	87,914	89,450	100,250	85,700
Capital	-	-	5,000	4,795	-
TOTAL	288,249	375,783	386,660	394,230	399,450

PERFORMANCE MEASURES

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Miles of water lines maintained	96	96	96	97	97	97	97
Number of fire hydrants	296	296	296	296	297	297	297

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate



FY 2025 BUDGET
SEWER COLLECTION - #638

Provide an efficient wastewater collection system to protect the public health, safety, and water quality of the community.

DESCRIPTION

- Maintains the City's wastewater collection system, to include mains, manholes and clean-outs.
- Installs and repairs sewer taps as needed.
- Replaces deteriorated sections of mains, service lines, and manholes.
- Available 24 x 7 for emergency customer service calls

FY 2024 ACCOMPLISHMENTS

- Continued manhole maintenance and rehabilitation program
 - Sewer Main and Manholes at Railroad Ave (FEMA DR-4781)
- Mitigated Flooding impacts on System and repaired numerous mains (June Floods)
- Installed and Monitored Manholes for SSOI program requirements
- Continued Installation program of service clean-outs for line maintenance
- Expansion of remote Easements increasing line accessibility and inspection
- Increased right of way maintenance and mowing allowing more routine inspection

FY 2025 GOALS

- Staff training and development to increase certified personnel and equipment proficiency
- Identify and replace aged and particularly brick manholes
- Expand system physical inspection program and documentation
- Continued easement clearing and inspection with mulcher unit

DEPARTMENT STAFFING

Title	Current Staffing
Sewer Maintenance	3
Total	3



**FY 2025 BUDGET
SEWER COLLECTION**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	126,672	100,079	174,450	148,725	183,000
Supplies	5,130	4,265	5,100	4,925	4,850
Contractual	12,732	62,622	34,600	50,290	45,250
Utilities	29,412	39,392	36,200	37,000	35,500
Sundry	383	171	1,000	325	1,000
Maintenance	13,717	72,859	48,400	58,700	88,400
Capital	-	892	-	-	-
TOTAL	188,047	280,281	299,750	299,965	358,000

PERFORMANCE MEASURES

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Miles of sewer line maintained	75	75	75	81	81	81	81
Number of lift stations	8	8	8	8	8	8	8

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Increase from partial staffing throughout FY24
- Contractual: Increase in Vehicle Lease – Vac Truck and other mobile equipment (\$7,980); Decrease in Rental (\$12,500) used for Railroad Ave emergency temporary pump
- Maintenance: Increase in Manholes for brick manhole rehab (\$40,000)



FY 2025 BUDGET SEWER TREATMENT - #639

To process the wastewater generated by the City of Center residents and businesses, in compliance with federal and state requirements, in the most efficient manner possible.

DESCRIPTION

The Wastewater Treatment Department consists of four full time operators who operate and maintain the city's wastewater plant and nine associated pump stations. All operators must be certified by the Texas Commission on Environmental Quality. On average the wastewater plant processes over 1,000,000 gallons of wastewater per day, but during high flow periods flows can exceed 2,000,000 gallons per day. The current wastewater plant is an extended aeration activated sludge plant which utilizes a belt press for sludge processing. Annually about 1,100 cubic yards of sludge is disposed of in a landfill.

FY 2024 ACCOMPLISHMENTS

- Zero NPDES Permit Enforcement or Compliance Issues
- Significantly increased consistency and flowrate of Industrial Pre-treated discharges from Tyson
- Rehabilitated and Improved Noble St Lift Station
- Met discharge parameters and had no exceedances of specific permit limits
- Developed alternative blower system for aeration minimizing maintenance
- Continued aggressive oil, fats, & grease reduction with chemical oxidation and mechanical removal

FY 2025 GOALS

- Work to consistently meet all discharge permit limitations, especially metals
- Continue industrial pretreatment monitoring and enforcement
- Expand abilities to maximize acceptance of industrial pre-treated discharges
- Operate withing permit parameters and avoid violations and enforcement

DEPARTMENT STAFFING

Title	Current Staffing
Chief Operator	1
Operator II	1
Plant Operator/Electrician	1
Plant Maintenance	1
Total	4



**FY 2025 BUDGET
SEWER TREATMENT**

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	209,435	259,711	267,650	257,025	292,850
Supplies	91,940	157,133	100,400	174,050	110,200
Contractual	235,062	178,410	211,560	202,965	200,150
Utilities	71,507	104,856	91,000	113,750	105,500
Sundry	21,298	19,764	20,500	19,825	20,500
Maintenance	18,937	145,037	107,300	120,200	104,200
Capital	-	-	-	-	-
TOTAL	648,179	864,910	798,410	887,815	833,400

PERFORMANCE MEASURES

						YTD
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Wastewater Treated – million gallons	397	434	400	363	405	371
Sludge Disposed – cubic yards	1,040	1,020	1,000	1,200	1,200	1,200
Permitted Plant Capacity	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd	1.77 mgd
Average Plant Discharge	1.08 mgd	1.19 mgd	1.10 mgd	1.025 mgd	1.112 mgd	1.377 mgd

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Increases for personnel adjustments and benefits (\$27,825)
- Supplies: Decrease Chemical (\$45,000)
- Contractual: Increase in Sludge Disposal (\$5,000), and Vehicle Lease (\$23,470)
- Maintenance: Decreases in Equipment (\$16,500) offset against planned maintenance increasing Lift Stations



**FY 2025 BUDGET
PUBLIC WORKS ADMINISTRATION - #641**

To provide administrative functions, oversight and support of Water and Sewer departmental operations.

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	166,139	223,222	241,850	242,800	314,050
Supplies	6,032	7,759	5,950	6,950	5,700
Contractual	38,056	54,776	58,490	60,705	53,000
Utilities	10,926	13,164	12,250	10,450	11,500
Sundry	4,076	2,336	1,800	2,350	1,800
Maintenance	21,208	13,699	11,950	19,225	15,450
Capital	-	5,900	-	-	-
TOTAL	246,436	320,855	332,290	342,480	401,500

DESCRIPTION

- Provides supervision for the staff of the Water and Sewer departments.
- Oversight and inspection of City infrastructure projects.
- Funds Warehouse and Vehicle Maintenance building
- Developed an industrial pre-treatment, cross-connection and customer service inspection programs

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Personnel Services: Increases in personnel for reallocation of part of PW Supt wages/benefits from Water Dist and compensation and benefit adjustment
- Contractual: Decreases in Technology Fund allocation (\$8,600)
- Maintenance: Decrease in Bldg/Grnd from unexpected plumbing repairs and building security

DEPARTMENT STAFFING

Title	Current Staffing
Public Works Director	1
Plumbing Inspector	1
Utility/PW Superintendent	1
Total	3



FY 2025 BUDGET NON-DEPARTMENTAL - #634

The Non-Departmental function of the City of Center Utility Fund accounts for those areas that are general to the entire utility operation.

DEPARTMENT SUMMARY

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Personnel	214	(1,181)	-	-	-
Supplies	19,274	18,666	14,500	15,250	15,500
Contractual	27,520	33,200	47,850	38,650	66,700
Utilities	-	-	-	-	-
Sundry	36,291	38,373	32,600	50,825	31,850
Maintenance	-	-	-	-	-
Capital					
Fund Transfer	635,458	979,484	973,800	1,020,500	1,457,400
TOTAL	718,757	1,068,542	1,068,750	1,125,225	1,571,450

DESCRIPTION

- Pays the postage for all utility bills.
- Pays the utility billing and accounting software.
- Provides funding for the interfund transfers to the General Fund and the Debt Service Fund.

HIGHLIGHTS – FY 2025 Proposed Budget Change From FY 2024 Estimate

- Contractual: Increase in Technology Fund allocation (\$30,180)
- Transfers: Increase (\$493,100) in transfer to I&S Fund for Principal/Interest - 2024 CO's
- Transfers: To General Fund for Admin/Billing reduced (\$25,000)



**CITY OF CENTER
FY 2025 BUDGET
SOLID WASTE FUND**

In 2015, the City Council created the Solid Waste Fund in order to maintain a more accurate accounting of the solid waste program. The mission is to provide the citizens of Center with timely, safe, cost effective, and environmentally conscious solid waste collection and disposal services. Since 1998, the City has contracted with Republic Services for these activities. The fund collects administration and franchise fees totaling 10%. These fees are transferred to the City's General Fund to defray the costs of street repairs and maintenance and for the billing and administration of services. The Fund is also the cost center for the City's blight removal program.

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Solid Waste Discount Sales	(12)	(481)	500	600	500
SW Collection - Residential	463,131	463,830	476,890	472,200	486,370
SW Collection - Commercial	1,233,161	1,452,816	1,498,430	1,592,600	1,640,380
Garbage Bag Sales	1,298	1,190	1,500	1,000	1,500
Penalty 10% Misc. A/R					
Misc. Recycling Receivable					
Other				-	
Interest	2,754	20,921	14,800	24,500	21,000
Total Revenue	1,660,577	1,938,275	1,845,500	2,090,900	2,149,750
	(12)	(481)	500	600	500
Expenditures					
Personnel	-	-	-	-	-
Supplies	-	-	1,000	600	1,000
Contractual	1,519,571	1,665,499	1,633,500	1,794,930	1,884,680
Utilities					
Sundry	(24)	3,707	15,000	10,000	15,000
Maintenance	1,422		-	-	-
Capital	-	-			
Fund Transfers	200,000	200,000	200,000	200,000	200,000
Total Expenditures	1,720,969	1,869,207	1,845,500	2,005,530	2,100,680
Revenue Over/(Under) Expenditures	(60,392)	69,069	0	85,370	49,070
Beginning Fund Balance	431,473	371,081	543,297	440,149	525,519
Ending Fund Balance	371,081	440,149	543,297	525,519	574,589



DESCRIPTION

- This department is the fiscal cost center for the collection and disposal of municipal solid waste generated in Center.
- Currently services include two days per week curbside pickup for all residential and small commercial customers. Commercial dumpsters are provided, and service schedule established by customer needs.
- The City Council suspended the recycling program indefinitely in FY 2019 due to changing market conditions for recyclable materials.
- The current contract with Republic Services was extended through July, 2025.
- The FY 2025 budget includes a 3% increase for residential customers and 3% for commercial classes to ensure rates remain in line with the cost of the disposal service agreement and CPI increase presented at 5.0% to contract rates.



**CITY OF CENTER
FY 2025 BUDGET
VEHICLE REPLACEMENT FUND**

In FY 2016, the City Council created the Vehicle Replacement Fund in an effort to level and stabilize required vehicle purchases. At the end of FY 2016, the City infused the fund with cash to begin this effort. The fund is evaluated annually for inventory, additions to fleet, inclusion of new assets into the fund and necessary cash infusion to ensure projected fund balances.

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Transfers					
General Fund	150,000	-	-	50,000	-
Utility Fund	75,000	-	-	25,000	-
Total	225,000	-	-	75,000	-
Revenue					
General Fund	102,303	186,213	205,980	240,480	255,370
Utility Fund	64,181	184,254	163,560	178,610	192,140
Surplus Vehicle Sales	27,317	20,950	5,000	17,750	15,000
Insurance Payments	-	52,100	-	23,033	-
Interest Income	760	16,642	14,160	25,500	20,150
TOTAL REVENUE	419,561	460,159	388,700	584,373	482,660
<u>Vehicle Purchases</u>					
Police	93,227	9,856	189,720	258,659	192,780
Fire	-	-	-	-	58,140
Street	27,427	155,858	-	-	-
Airport	-	-	-	-	-
Parks	36,693	40,738	51,000	44,964	16,920
Inspections	-	-	43,224	39,225	-
	-	-	-	-	-
Water Production	-	-	38,930	39,225	51,300
Water Distribution	33,942	12,960	38,590	720	47,700
Sewer Collection	-	25,921	41,990	51,270	69,120
Sewer Treatment	-	-	-	-	129,330
Public Works	31,291	-	-	17,567	42,120
Total Purchases	222,580	245,332	403,454	451,630	607,410
Vac Truck	18,595	41,596	53,596	-	53,596
	-	35,240	35,385	-	35,385
Total Leases	18,595	76,836	88,981	86,031	88,981
TOTAL EXPENSES	241,175	322,168	492,435	537,660	696,391
Beginning Fund Balance	140,756	319,142	472,156	457,133	503,847
Revenues Over/(Under)					
Expenditures	178,386	137,991	(103,735)	46,713	(213,731)
Ending Fund Balance	319,142	457,133	368,421	503,847	290,116



Vehicles Purchased through Fund

Vehicle	Department	Vehicle	Department
2017 Skid Steer	Street/Public Works	2017 Chevy Silverado	Water Production
2017 Chevy Silverado	Water Distribution	2017 Chevy Tahoe	Police
2017 Ford F350	Sewer Collection	Kawasaki Mule	Parks
2018 Ford F150	Fire	2018 Ford F150	Inspections
2018 Tahoe	Police	2018 Tahoe	Police
2018 Chevy Silverado	Water Production	2018 Chevy Silverado	Sewer Treatment
2018 Chevy Silverado	Public Works	2019 Tahoe	Police
2019 Tahoe	Police	2016 Malibu	Police
2016 Malibu	Police	2016 Malibu	Police
2005 Ford Brush Truck	Fire	2019 Tahoe	Police
2020 Tahoe	Police	2019 Truck	Public Works
2019 Truck	Water Production	Jet Rodder	Sewer Collection
Bucket Truck	Street Dept.	2020 Tahoe	Police
Mini Excavator	Public Works	2020 Ford F150	Water
2020 Ford F150	Water	Gutter Clean Attachment	Street Dept.
2021 Tahoe	Police	2021 Backhoe	Street Dept.
2022 Chevy 1500 4x4	Public Works	2022 Chevy 1500	Parks & Rec
2022 Tahoe	Police	2022 Tahoe	Police
2022 Chevy Colorado	Water Distribution	2022 Vac Truck	Street/Sewer Coll.
2022 '17 Skid Steer rehab	Street/Public Works	2023 Skid Steer	Street/Public Works
2023 Truck	Street	2023 Mulcher Attachmnt	
2023 Tahoe (ordered)	Police		

Current Purchases – FY 2024

Vehicle	Department	Vehicle	Department
2024 Tahoe (3)	Police	2024 Truck – 250/2500	Sewer Collection
2024 Interceptor	Police	2024 Truck – 150/1500	Inspection
2024 Truck – Chevy1500	Water Treatment	2024 Truck – 150/1500	Parks
2024 Truck – Chevy1500	Water Distribution	2024 Truck – 150/1500	Police-CID* reassigned to Public Works

Budgeted Replacement Purchases – FY 2025

Vehicle	Department	Vehicle	Department
2023 Truck 150/1500 (3)	Police - CID	2024 Chevy 1500	Public Works-reassigned
2025 Tahoe/Interceptor	Police	2025 Truck 150/1500	Water Production
2025 Truck/Car - Admin	Police	2025 Truck – 250/2500	Water Distribution
2025 Truck 150/1500	Fire	2025 Truck 350/3500	Sewer Collection
ATV/Mule	Parks	2025 Truck 250/2500	Sewer Treatment
		2025 Case Loader	Sewer Treatment

	FY 2024 Estimate	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Beginning Fund Balance	457,133	503,847	290,116	553,776	500,288	671,949	396,312
Revenues	584,373	482,660	536,640	587,630	612,390	650,390	623,820
Expenses	537,660	696,391	272,980	641,119	440,729	926,027	831,045
Ending Fund Balance	503,847	290,116	553,776	500,288	671,949	396,312	189,088



**CITY OF CENTER
FY 2025 BUDGET
TECHNOLOGY FUND**

In FY 2017, the Center City Council created the Technology Fund to dedicate funds to ensure sustained technological improvements for City services and projects. At the end of FY 2017, the City supplied the initial dedicated reserves to establish the Fund.

The Fund is the cost center for the City's IT/Network Administrator, all software maintenance costs, and for the purchase of new office computers and related equipment. The FY 2025 Budget expands items within this fund to include all broadband access costs and leased equipment.

FY 2024 was extremely busy and productive year for technology improvements, specifically:

- Update Citywide Phone Systems & Broadband Service to ETEX
- Police Department System and RMS/CAD software
- Fire Department software replacement and upgrade to cloud storage
- Utility System Payment Gateway to new vendor & Meter Reading Software adjustments
- Oversaw facility access control upgrades at City operations buildings
- Rebuilt Network with redundant storage, server replacement, & deployment of Office 365

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Capital Contribution	-	-	-	55,000	-
Misc.	-	-	-	-	-
Dept Allocation	215,851	233,901	250,600	250,600	260,832
Interest	2,570	17,527	11,225	20,500	11,900
Total Revenues	218,421	251,428	261,825	326,100	272,732
Personnel	68,139	75,459	80,800	81,300	86,300
Supplies	4,238	15,962	15,000	3,200	3,700
Contractual	69,235	87,722	102,900	65,515	41,883
Sundry	-	26,695	400	27,100	27,000
Maintenance	409	300	1,250	10	600
Capital	-	-	-	-	-
Total Expenditures	144,641	224,192	249,850	327,305	301,324
Beginning Fund Balance	198,818	272,598	243,031	299,834	298,629
Revenues Over/Under Expenses	73,780	27,236	11,975	(1,205)	(28,592)
Ending Fund Balance	272,598	299,834	255,006	298,629	270,037

Accumulated resources toward specific equipment projects

PD tablets and other equipment	\$50,000
PD phone recording system	\$35,000
Total	\$85,000



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**CITY OF CENTER
FY 2025 BUDGET
HOTEL/MOTEL FUND**

HOTEL OCCUPANCY TAX

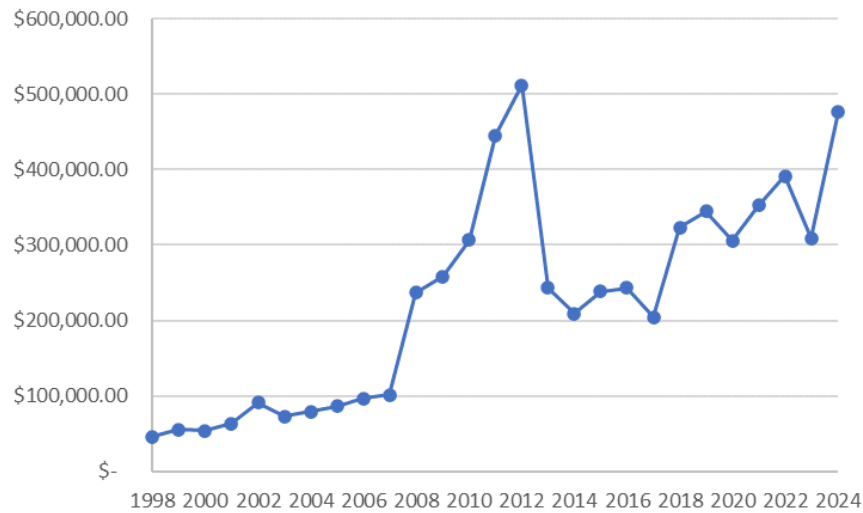
The City collects a 7% Hotel Occupancy Tax when a person rents a room from a hotel located inside of the city limits. The State of Texas collects an additional 6%, making the total tax rate 13%. The expenditures of the Hotel Occupancy Taxes are managed by a City Council-appointed Hotel/Motel Advisory Board. The Texas Local Government Code is very specific on allowable uses of these funds and allows only certain types of expenditures to be paid from this tax revenue. Essentially, any expenditure has to promote the tourism industry of the community and “put heads in beds”.

In fact, the State Law is so specific as to the use of the funds that any expenditure must pass a two part test. The first part is that expenditures must promote tourism and the convention and hotel industry in the City. All expenditures must further fall into one of seven statutory categories:

1. The acquisition of sites and the construction and maintenance of convention center facilities and visitor information centers;
2. Expenses associated with the registration of convention delegates;
3. Advertising, solicitations, and promotions that attract tourists and convention delegates to the City;
4. Promotion of the arts;
5. Historical preservation projects;
6. Sporting events that promote tourism in counties of less than one million population, and;
7. Transportation systems that transport tourists from hotels to the commercial center of the City, convention center or other hotels, provided the system does not serve the general public.

The largest type of expenditure in this fund, allowed under category 1, is the debt payment and the maintenance/ operational costs of the John D. Windham Civic Center. The increased revenues generated from Hotel Occupancy Taxes paid the entirety of the facility's debt obligation and greatly subsidizes the facility's annual operational costs. Additionally, the revenues fund some of the operation and maintenance of the Community House. A portion of funding is provided to support community's Poultry Festival which satisfies the community promotion and tourism activities and advertising allowed under category 3. The fund has also contributed toward community beautification projects and attracting state baseball tournaments to the City, also allowed under category 3.

Graph 1 below highlights some history of hotel occupancy tax revenues. Beginning in approximately 2007, major hotel facility construction and oil/gas industry activity, led to rapid increases peaking in 2012 at over \$500,000. This was driven primarily by the influx of temporary workers needed for the development of the local gas fields. With the dramatic fall of natural gas prices, drilling activity has subsequently subsided. FY 2018, saw the trend reverse with a return of local energy industry activity. This trend peaked in FY 2019 and was projected to return to below \$300,000 for the foreseeable future but FY 2020 and FY 2021 both showed resiliency in spite of COVID exceeding \$300,000 slightly both years. Current projections and activity indicate continued stable performance and revenue.



Graph 1 – Hotel Occupancy Tax Revenues
FY 1998 – FY 2024

HOTEL OCCUPANCY FUND

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Hotel/Motel Taxes	391,537	309,131	367,700	468,235	482,300
Other	12,508	-12,508		77,950	
Interest Hotel/Motel	4,157	32,754	21,600	42,500	39,900
Total	408,202	329,378	389,300	588,685	522,200
Expenditures					
Advertising (minimum 1/7th)					
Community Events	4,350	4,350	5,000	4,350	4,500
Membership & Dues	-	-	1,000	500	1,000
Chamber of Commerce	3,300	1,300	1,500	1,900	2,500
Community Banners	8,040	1,127	10,000	8,000	10,000
Other	-	-	-	24,000	-
Sports Event Expenses					
Baseball Tournaments	27,000	43,541	30,000	30,000	35,000
Tourism Signage					
Arts & Historic Preservation					
Historic District Lights	16,904	5,410	5,000	4,800	5,000
Historic Preservation	-	-	-	-	-
Civic Facilities					
Civic Center Rehab	-	62,330	-	-	-
Civic Center Ops	90,000	100,000	100,000	100,000	100,000
Community House Ops	5,000	10,000	10,000	10,000	10,000
Transfer - Civic Center Debt	143,000	-	-	-	-
Total	297,594	228,059	232,500	183,550	168,000
Beginning Fund Balance	381,365	491,973	555,745	593,292	998,427
Revenue Over/(Under)	110,607	101,319	148,100	405,135	354,200
Expenditures					
Ending Fund Balance	491,973	593,292	703,845	998,427	1,352,627



**CITY OF CENTER
FY 2025 BUDGET
RECREATION FUND**

In FY 2016, the City Council authorized the creation of a Recreation Department, transitioned to an independent Fund in FY 2017, to provide assistance to operations of the various youth and adult athletic organizations. The City hired a full-time Recreation Director to oversee the program and started with youth basketball, baseball, softball, and football. The program established a soccer league in 2017. The program continues working with volunteer groups seeking additional recreation opportunities for Center residents.

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
REVENUE					
Registration	58,020	60,455	55,500	50,935	55,000
Event Proceeds	21,521	25,517	25,000	24,795	25,000
Concessions	28,017	677	-	-	-
Gate	4,515	1,880	4,500	770	2,200
Advertising	12,416	13,750	16,500	14,750	17,500
Merchandise	1,432	89	100	-	200
Donations	-	-	-	570	-
Transfers (From General)	7,150	4,700	-	-	-
TOTAL	133,071	107,068	101,600	91,820	99,900
EXPENDITURES					
Personnel	53,365	50,225	59,150	49,729	53,800
Supplies	53,339	36,987	45,400	25,560	32,100
Contractual	16,285	7,612	7,950	7,740	10,500
Utilities	-	-	-	-	-
Sundry	3,180	2,453	2,500	2,700	2,500
Maintenance	4,036	9,803	2,600	1,500	1,000
Capital	-	-	-	-	-
TOTAL	130,205	107,080	117,600	87,229	99,900
Beginning Fund Balance	(6,538)	(3,671)	1,175	(3,683)	908
Revenues Over/(Under) Expenditures	2,867	(12)	(2,410)	4,591	-
Ending Fund Balance	(3,671)	(3,683)	(1,235)	908	908

PERFORMANCE MEASUREMENTS

Number of Participants	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YTD FY 2024
Baseball	251	255	237	199	199	176	169
Soccer (Fall & Spring)	421	415	362	448	448	288	152*
Football	112	115	94	113	113	124	84
Basketball	204	192	194	171	171	122	119
Softball	174	167	131	125	125	97	105

*2024 Youth Soccer decided cease Spring league availability - function only Fall league



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**CITY OF CENTER
FY 2025 BUDGET
PARK FUND**

In 2014, the City Council established a Park Fund to properly account for park-specific grants and donations, and funding is dedicated to park improvements in accordance with the Parks Master Plan. The need for a separate fund originally arose in 2014 when the City received pledge donations from the Center Amateur Softball Association for the new Softball Complex. In 2016, the City received a Texas Department of Parks and Wildlife grant for the expansion at Mini-Park/Portacool Park. This was in combination with a generous donation from Portacool, LLC. The project funding was developed to use this fund to transfer a portion of those donations to the Debt Fund for payments against the 2016 CO's.

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Grants	143,281	16,719	1,000	1,000	-
Donations/Pledges	56,000	54,000	8,250	8,250	8,250
Interest	70	1,785	500	1,750	1,000
Total Revenue	199,351	72,504	9,750	11,000	9,250
Expenditures					
Maintenance	-	-		-	-
Other				-	-
Ballard St. Soccer Complex	-	-		-	-
Project Engineering	8,631	-		17,650	-
Perry Sampson Park	353,854	12,860		-	-
Transfer to Debt Service	-	-	-	-	-
Total Expenditures	362,485	12,860	-	17,650	-
Beginning Fund Balance	135,182	(27,952)	(4,168)	31,692	25,042
Revenues Over/(Under) Expenditures	(163,134)	59,644	9,750	(6,650)	9,250
Ending Fund Balance	(27,952)	31,692	5,582	25,042	34,292

The Fund established a dedicated portion for the completion of the Perry Sampson Park renovation project (\$75,000) and transformation of Community Park into the new Ballard Street Soccer Complex. In 2019, the Center Rotary and Lions Clubs made donations towards the Soccer Complex in addition to a grant from the Harris Foundation. In 2020, the City received a grant from the Laura Jane Musser Foundation to complete a wildlife/nature preserve feasibility study for land the City swapped with Center ISD. In FY 2021, the City received award of a Local Park Grant from Texas Parks & Wildlife of \$150,000 to equal the local funds from the City (\$75,000) and pledged Community Donations ultimately contributed by Tyson Foods. As local pledges did not materialize, the ultimate project budget exceeded available funds. The Perry Sampson Park Renovation project was completed in FY 2023 and included additional expenditures for replacement of the outdated restrooms and fencing. Revenue, inclusive of all donations anticipated, was insufficient to cover project costs allocated from the Park Fund creating a temporary deficit. Upon completion of these designated projects, the Fund will improve fund balances enabling the resumption of distributions toward debt obligations or additional park projects as directed by Council. Council postponed Portacool Park donations paid by annual installments for FY 24 and FY 25.



Perry Sampson Park Project

Revenues/Sources of Funds **

Texas Parks and Wildlife Grant	150,000
City of Center Match	115,000
Donations/Pledges	5,000
Tyson Foods Contribution	75,000
Project Deficit – from Park Fund	46,465
Total	345,000

Expenditures

General Construction (Basketball Court Rehab & Cover, Pavilion rehab, Playground, Sidewalks & Site)	253,705
Electrical	26,245
Misc. Signage	4,850
Playground Equipment & Safety Surface	28,965
Site Amenities & Tree Removal	12,025
Site Fencing & Paint	9,475
Design and Engineering	31,700
Features (Street Sign, Stone Columns & Portal Sign)	9,275
Restroom (New Installation & Demo)	15,225
Additional Fencing Replacement (Tree Damages and Tree Removal)	10,275
TOTAL	401,740

Project Balance/(Deficit) (56,740)

Items to be scheduled

Parking Improvements TBD

Ballard Street Soccer Complex

Revenues/Sources of Funds

Park Fund Proceeds	250,000
Rotary Club Donation	20,000
Lions Club Donation	20,100
Soccer League Donation	30,000
Harris Foundation Grant	10,000
Total	330,100

Expenditures

Survey	5,700
Design	23,593
Demolition	6,900
Dirt Work	27,500
Boom Rental	2,500
Soccer Field Equipment	19,237
White Electric	90,820
Irrigation	25,100
Concession Building	118,100
Park Entrance	7,739
TOTAL	327,189

Project Balance/(Deficit) 2,911

Items to be scheduled

Parking Improvements TBD

2024 American Legion Park/Community House Renovation design plan was approved and preliminary design costs and TP&W Grant Program application fee expensed.



**FY 2025 BUDGET
LAW ENFORCEMENT SPECIAL FUNDS**

The City is required and authorized by State Law to collect state fees, local court costs and fines. Local costs are operated in independent Funds kept separate for dedicated purposes restricted in use by State law. Finally, State law requires maintaining proceeds from seizures in an independent fund.

Court Technology Fund

The City has purchased municipal court software for court operations integrated with other City financial software, training, computers and other technology equipment.

Court Technology Fund (27)	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Fines & Fees	3,668	3,318	3,500	4,250	4,250
Other					
Interest	199	1,363	830	1,450	1,300
Total	3,867	4,682	4,330	5,700	5,550
Expenditures					
Other	600	233	-	-	250
Transfer	-	-	3,900	3,900	8,780
Total	600	233	3,900	3,900	9,030
Beginning Fund Balance	23,069	26,336	23,824	30,784	32,584
Revenue Over/(Under) Expenditures	3,267	4,449	670	1,800	(3,480)
Ending Fund Balance	26,336	30,784	24,494	32,584	29,104

Building Security Fund

The Building Security Fund is allowed, by State law, to pay for certain improvements and maintenance costs at the police station and personnel costs associated with a warrant officer.

Court Building Security Fund (57)	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Fines & Fees	4,983	4,018	4,000	5,250	5,000
Other					
Interest	220	1,556	1,000	1,600	1,600
Total	5,203	5,574	5,000	6,850	6,600
Expenditures					
Other	-	300	2,000	1,200	2,500
Transfer	-	-	-	-	-
Total	-	300	2,000	1,200	2,500
Beginning Fund Balance	24,958	30,161	30,033	35,435	41,085
Revenue Over/(Under) Expenditures	5,203	5,274	3,300	5,650	4,100
Ending Fund Balance	30,161	35,435	33,333	41,085	45,185



Jury Fund

The Jury Fund is dictated by State law to pay for certain costs associated with trials including jurors.

Court Jury Fund (54)	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Fines & Fees	99	80	100	100	100
Other					
Interest	-	-	-	-	-
Total	99	80	100	100	100
Expenditures					
Other	-	-	-	-	-
Transfer	-	-	-	-	-
Total	-	-	-	-	-
Beginning Fund Balance	149	248	224	328	428
Revenue Over/(Under) Expenditures	99	80	100	100	100
Ending Fund Balance	248	328	324	428	528

Court Truancy Fund

The Truancy Fund is dictated by State law to pay for costs associated with combating truancy.

Court Truancy Fund (55)	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Fines & Fees	4,938	4,023	4,000	5,250	5,000
Other					
Interest	83	697	100	900	900
Total	5,021	4,720	4,100	6,150	5,900
Expenditures					
Other	-	-	-	-	-
Transfer	-	-	-	-	-
Total	-	-	-	-	-
Beginning Fund Balance	7,459	12,480	12,284	17,200	23,350
Revenue Over/(Under) Expenditures	5,021	4,720	5,100	6,150	5,900
Ending Fund Balance	12,480	17,200	17,384	23,350	29,250



Seizure Fund

The Seizure Fund is the accumulation of assets or proceeds from sale of assets awarded to the Police Department by the Court and primarily pays costs of narcotics investigations, e.g. drug buy money and cell phones. Excess funds can be utilized for equipment or special resources for the Police Department.

Seizure/Forfeiture Fund (58)	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Fines & Fees	-	6,894	-	200	-
Other	0	200	1,000	(200)	1,000
Interest	127	971	600	1,200	1,000
Total	127	8,066	1,600	1,200	2,000
Expenditures					
Other	401	-	1,000	-	1,000
Transfer	-	-	-	-	-
Total	401	-	1,000	-	1,000
Beginning Fund Balance	16,620	16,346	16,245	24,412	25,612
Revenue Over/(Under) Expenditures	(274)	8,066	200	1,200	1,000
Ending Fund Balance	16,346	24,412	16,445	25,612	26,612

Opioid Fund

As a result of the State's settlement with drug manufacturers and pharmaceutical distributors, the City was allocated funds to be used in compliance with the settlement and to address drug abuse or rehabilitation. As the program is defined, staff will present alternatives for use of these funds.

Opioid Fund (59)	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Fines & Fees	-	-	-	-	-
Other	-	18,471	40,367	3,593	-
Interest	-	498	600	1,000	900
Total	-	18,968	40,967	4,593	900
Expenditures					
Other	-	-	-	-	-
Transfer	-	-	-	-	-
Total	-	-	-	-	-
Beginning Fund Balance	-	-	18,968	18,968	23,562
Revenue Over/(Under) Expenditures	-	18,968	40,967	4,593	900
Ending Fund Balance	-	18,968	59,935	23,562	24,462



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**FY 2025 BUDGET
PERMANENT FUND**

FUND NARRATIVE

The Permanent Fund is a special fund established by the City based upon the Council acceptance and agreement to hold specific contributions and assets related to a special project or activity. The City has accepted the assets and fiduciary responsibility and is effectively acting as the trustee over the future use and disposition of the funds and assets. The Fund at present is composed of two units with independent accounting: the Animal Welfare Fund and the Fairview Cemetery Endowment Fund.

ANIMAL WELFARE FUND

In FY 2015, the City accepted the fiduciary responsibility of holding monies to be used for a future animal shelter project at the request of the former Shelby County Pet and Animal Welfare Society (PAWS). The City placed the \$40,000 corpus in a separate CD and the interest is booked towards a future project. Ordinance 2014-14 established this independent account and defines allowable uses, with an allocation noted this year for potential spay/neuter program being developed by a local non-profit.

ANIMAL WELFARE FUND

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Donations	63	0	0	0	0
Other		536			
Interest	108	713	1,290	2,000	1,830
Total	171	1,249	1,290	2,000	1,830
Expenditures					
Other	-	536	-	-	-
Transfer	-	-	-	-	-
Total	-	536	-	-	-
Beginning Fund Balance	42,849	43,020	43,020	43,733	45,733
Revenue Over/(Under)	171	713	1,290	2,000	1,830
Expenditures					
Ending Fund Balance	43,020	43,733	44,310	45,733	47,563

Funds were appropriated last year in response to a request by a local animal welfare association to provide partial funding toward a spay/neuter financial assistance program.



CEMETERY ENDOWMENT FUND

The Cemetery Endowment Fund (formerly the Cemetery Trust) was created in 1984 when the City accepted the contribution of the physical asset, the land designated as Fairview Cemetery, including major improvements at that time donated by Mr. N. O. Thomas, along with transfer of the monetary assets of that cemetery association establishing the initial corpus of this trust fund. Subsequent perpetual care maintenance fees on plots and additional donations added to the corpus, indicated as fund balance. This fund does not have any annual operational expenditure with revenue being only annual interest earnings. However, special projects of any type require specific approval of the City Council. The only allowable use of these funds is for improvements at Fairview Cemetery in accordance with terms of the original donation.

FAIRVIEW CEMETERY FUND

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Donations	200	0	0	0	0
Other					
Interest	890	5,766	3,670	6,000	5,210
Total	1,090	5,766	3,670	6,000	5,210
Expenditures					
Other	1,500	-	-	-	-
Transfer	-	-	-	-	-
Total	1,500	-	-	-	-
Beginning Fund Balance	118,870	118,460	117,770	124,226	130,226
Revenue Over/(Under)					
Expenditures	(410)	5,766	3,670	6,000	5,210
Ending Fund Balance	118,460	124,226	118,950	130,226	135,436



**CITY OF CENTER
FY 2025 BUDGET
CAPITAL IMPROVEMENT PROGRAM**

In FY 2012, the City Council approved a slate of projects that would substantially enhance the quality of life in Center. That same year, the Council authorized the issuance of tax supported bonds to make a substantial investment into the City's wastewater collection system. These steps represent the initiation of a formalized Capital Improvements Program (CIP). Although the City has always re-invested in itself, by adopting a CIP the Council and citizens can easily identify major investments and how local dollars are leveraged with donations and various grants.

This section will describe the assorted revenue streams that have funded the CIP. These include bond funds, grant monies, local tax dollars, and contributions from the community. Information about each of the projects is then presented, first as an expenditure summary followed by a description of each project, how they will be funded, how much they will cost and a schedule.

Previously Completed Projects

Project	Year Completed	Funding Source
Community House Renovation	2013	2011 CO's
Ladder Truck	2012	2011 CO's
Mini-Park Renovation	2012	2011 CO's
City Hall Expansion	2013	2011 CO's
Softball Complex & Center Park Playground	2013	2011 CO's & 2014 Tax Notes
Hike & Bike Connectivity Trails	2012	TxDOT STEP Grant
Airport Weather Observation System (AWOS)	2013	TxDOT Grant & Donations
Downtown Streetscape Master Plan	2012	2011 CO's
Loop 500 Lift Station Elimination	2013	4A EDC & Local Funds
Lakewood Sewer	2014	2014 Tax Notes & Local Funds
Downtown Sidewalk Extensions	2015	TDA Grant & Local Funds
Airport CIP: runway lighting, drainage, pavement	2017	2016 CO's; TxDOT CIP
Portacool Park expansion	2017	2016 CO's; TPWD Grant; Donation
WWTP Solar Project	2017	CFE Grant & Utility Fund match
WWTP Rehab Project	2018	2016 CO's
Southside Sewer System	2018	2012 CO's & 2016 CO's
Police Technology Enhancement	2018	CJD Grant & 2017 debt issue
Airport Taxiway D and Runway Resurfacing	2020	2016 CO's, TxDOT CIP; Donations
US 96 Sewer Line	2020	2019 CO's
Henrietta Tank Rehab	2019	2019 CO's
Pinkston Plant Filter Rehab and Lagoon	2020	2019 CO's
Downtown Renewal Project	2020	2019 CO's
Downtown Revitalization – Phase II	2021	2019 CO's & TDA Grant
South Loop Elevated Storage Tank	2022	2019 CO's, TCDP Grant & ARPA
Design/PILOT – Aiken Treatment Plant Project	2024	2019 CO's, 2024 CO's
Prelim Plan/Permit Study – Water Reuse Project	2024	2019 CO's, 2024 CO's

Historical Revenue Notes

Series 2011 Certificates of Obligation Bond Proceeds – The original funding mechanism for the FY 2012 - 2014 CIP projects. Bond funds paid for either entire projects or provided the cash match for other projects. All projects completed.



Texas Water Development Board Bond Proceeds – In FY 2011, the City was approved the issuance of a \$2.28 million TWDB bond to fund the Southside Sewer Project. Project completed.

2014 Tax Notes – The City needed to issue additional debt to fund projects originally funded from the FY 2012-2014 CIP. All projects completed.

Texas Department of Agriculture Grant – The City completed an application in FY 2015 for the Downtown Revitalization Grant to help pay for some Downtown sidewalk improvements. Project completed.

Series 2016 Certificates of Obligation Bond Proceeds – Council authorized the issuance of \$4 million in ad valorem and utility supported bonds. \$3 million was designated for utility projects, specifically the WWTP rehab and other utility projects. The other \$1 million was directed to fund the Airport CIP match and the Portacool Park expansion. All projects completed.

Community Facilities Enhancement Grant – The Texas Department of Agriculture created a one-time grant opportunity which the City was able to successfully submit an application to fund the installation of solar panels at the WWTP. Project completed.

Police Technology Enhancement Note – To fund the Police Technology Enhancement Program, the City financed the purchase with a 4 year debt instrument. The Center Police Department was successful in receiving a grant award from the State of Texas which will fund the first 2 years payments of this note. Project completed.

Texas Parks and Wildlife Department (TPWD) Grant – The City successfully applied for a park grant to assist in the construction of the Softball Complex and received a second grant award for the expansion of Portacool Park. Finally, a third local park grant was obtained to renovate Perry Sampson Park. Projects completed.

Donations – Portacool, LLC., has generously pledged annual donations which the City has leveraged against a TPWD grant to complete the expansion of Portacool Park. A local foundation also donated \$15,000 for the installation of the City's first entryway sign. The Center Rotary Club, Center Lion's Club, and the Shelby County Youth Soccer League donated \$20,000, \$20,100, and \$30,000 respectively towards the Ballard Street Soccer Complex. The John Harris Foundation gave a \$10,000 grant for an entrance sign at the Soccer Complex. Toward the Completion of the Perry Sampson Park renovation, Tyson Foods contributed \$75,000 and Republic Services donated \$5,000. All donations and pledges are accounted in the Park Fund, see [Pg 143](#).

2019 Certificates of Obligation Bond Proceeds – Council authorized the issuance of \$6 million in ad valorem and utility supported bonds to fund Governmental projects (Downtown Renewal and Fire Apparatus) and Utility projects (US 96 sewer line, elevated water tank and tank maintenance, etc.).

UPCOMING/ONGOING PROJECTS AND IMPACT

Water Capacity – Aiken Plant Rehabilitation

Council has established priorities for the remaining 2019 CO's dedicated for Utility Activities to project development, preliminary engineering design and pilot treatment studies toward construction plans for major renovation of the Aiken Water Treatment Plant. This does not include resources and funding for construction. This project will be prepared for bond issuance, 2024 CO's included in this budget, for funding and approval to proceed to construction phase in FY 2025.

Council Goal E. Objective 5.1

Operating Impact:

Reduced Treatment Costs

Water Capacity – Industrial Reuse Project

Council has established priorities for the remaining 2019 CO's dedicated for Utility Activities to project development, engineering, permitting, and water quality testing required for development of required submittals to TCEQ for the treatment of discharge wastewater for industrial reuse. This does not include resources and funding toward construction. This project will be prepared for approval of submittal to TCEQ in FY 2025 and subsequent authorization of bond issuance to proceed with construction.

Council Goal E. Objective 5.3

Operating Impact: Undetermined

Asset Maintenance – City Hall & Library Roofs

Council has designated use of remaining 2019 CO's for Governmental Activities toward the evaluation and recommendation for long term roof repair/replacement on City Hall and the Library. Contracts for design services of these improvements were authorized in FY 2024. Resources for construction have not been allocated.

Annual Street Maintenance

Each year the 4B EDC approves a list of streets that will be reconstructed or resurfaced as part of a comprehensive street maintenance program. Reference the Street EDC Budget on [Pg 155](#) for more information on the street program.

Council Goal E. Objective 5.1

Operating Impact: None

City staff will use FY 2025 to manage ongoing projects and begin to develop future improvements.



Rendering of the Downtown Renewal plan.



POTENTIAL NEW PROJECTS

Staff maintains an accumulated list of potential projects for Council consideration as part of the Budget process. These are projects that have been either previously discussed by Council or identified in a prior plan (e.g. Comprehensive Plan Update) and the Council has expressed an interest in further developing a project concept. These projects do not have funding identified for implementation.

By identifying potential projects, the Council can make priority determinations. Staff is then able to model funding mechanisms, such as debt issuances, in development of the financial forecast. The Council can evaluate fiscal options necessary to fund projects (tax or utility rate adjustments, other funding sources, etc.) Lastly, staff can continue researching potential exterior funding sources such as grants or contributions from other entities.

DEPT.	PROJECT	DESCRIPTION	PROJECTED COST	COUNCIL STRATEGIC PLAN
Water	Production Capacity	Replacement/Upgrade of Aiken Plant Treatment Units	5,000,000	Goal E. Objective 1 – Utility Plant Improvements
		New Treatment for Reuse to add system capacity	2,250,000	Goal E. Objective 3 – Long Term Water Needs
Parks	Baseball and Softball Complex Improvements	Install turf at the existing seven fields and make assorted facility improvements	3,500,000	Goal C. Objective 2 - Tourism Goal C. Objective 3 - Park Development
		Additional miscellaneous improvements & equipment	500,000	
Parks	American Legion Park Renovation	Improves adjoining and expanding use of Community House	600,000	Goal C. Objective 2 – Tourism Goal C. Objective 3 - Park Development
Parks	Center nature trail/amphitheater	Enhancement to Center existing nature trail including amphitheater & lighting installation	250,000	Goal C. Objective 3 - Park Development
Parks	Center trail improvements	Miscellaneous enhancements to Center trail system, including expanded nature trail, widened trail, lighting installation	500,000	Goal C. Objective 3 - Park Development
City Hall	Roofing		125,000	
Civic Center	Foster Hall Flooring/Sound Hardening	Replace floor treatment for Foster Hall and harden area to reduce sound	150,000	Goal C. Objective 2 - Tourism
Street	Drainage System	Drainage System Design and Project(s) to reduce stormwater damage potential integrated with Public Space amenities	1,500,000	Goal E. Objective 2.1 - Drainage Goal C. Objective 3 - Park Development
	Entryway Signs	Installation of 3-5 entryway signs	75,000/ea	Goal C. Objective 1.4 - Quality of Life



Public Works	Westside Sewer Project	To install new wastewater collection lines to serve areas west of the city	3,000,000	Goal B. Objective 1.2 - Utility Extensions
Public Works	Northside Sewer Project	To install new waste water collection lines to serve the north Loop area	4,000,000	

Governmental projects appropriated for FY 2025

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted Budget	FY 2024 Estimate	FY 2025 Proposed Budget
Revenues					
Bond Proceeds	0	0	0	0	0
Interest	568	3,315	1,650	3,000	1,650
Transfer	0	42,308	0	0	0
Donations	0	0	0	0	0
CLFRF/ARPA Grant **	0	0	0	0	0
Grant	329,900	0	0	0	0
Total	330,468	45,623	1,650	3,000	1,650
Projects					
Community House Remodel	0	0	0	0	0
Downtown Renewal	41,430	18,369	0	15,000	0
TDA Downtown Sidewalk	435,208	4,400	0	0	0
Broadband Connectivity **	0	0	0	0	0
Airport CIP Match	0	0	0	0	0
City Hall Renovation	0	0	0	4,500	28,250
Library Roof	0	0	0	0	28,000
Portacool Park	0	0	0	0	0
Entryway Sign	0	0	70,000	0	0
Drainage Area Study – TIRZ#1	0	14,763	0	10,989	0
Fire Apparatus	0	0	0	0	0
Total	476,638	37,533	70,000	30,489	56,250
Beginning Fund Balance	223,824	77,654	68,347	85,744	58,255
Revenues Over/(Under)					
Expenses	(146,170)	8,090	(68,350)	(27,4)	(54,600)
Ending Fund Balance	77,654	85,744	(3)	58,255	3,655

**** The Broadband Connectivity Project expenses were funded directly from General Fund Balance in FY23 and Council action dedicated all CLFRF/ARPA funding toward Utility Capital Projects.**



Enterprise/Utility projects appropriated for FY 2025

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted Budget	FY 2024 Estimate	FY 2025 Proposed Budget
Revenues					
Bond Proceeds	0	0	0	0	6,000,000
Interest	5,305	26,442	10,000	14,000	12,000
Transfers	0	0	0	7,500	0
CLFRF/ARPA Grant	441,780	858,785	0	0	0
Grant	114,524	40,280	0	120,197	0
Total	561,609	925,508	10,000	141,697	6,012,000
Projects					
Water System Model	0	0	0	0	0
Water Tank Maintenance	0	3,775	0	1,000	0
Lagoon Improvement	0	0	0	0	0
WWTP Rehab	0	0	0	0	0
Elevated Storage Tank	700,153	933,307	0	0	0
Downtown Utilities	0	0	0	0	0
Mill Creek Plant Rehab	25,140	4,280	0	0	0
Aiken Water Plant Rehab	0	86,080	250,000	325,000	260,000
Water Reuse Plant	0	48,316	125,000	37,500	115,000
Capital Water Lines	16,326	0	0	41,150	0
Capital Sewer Lines	10,969	0	0	124,000	0
Total	752,588	1,075,758	375,000	528,650	375,000
Beginning Fund Balance	905,766	536,671	530,361	386,421	15,530
Revenues Over/(Under)					
Expenses	(190,979)	(150,250)	(365,000)	(394,453)	5,637,000
Ending Fund Balance	714,787	386,421	165,361	15,530	5,652,530
Prior Year Audit Adjustment	(178,116)				
Restated Fund Balance	536,671				

- Construction values for the Aiken Water Treatment Plant are not included in expenditure line items and will require budget amendment upon Council approval of contract amounts.



FY 2025 BUDGET CENTER ECONOMIC DEVELOPMENT CORPORATIONS

FUND NARRATIVE

The City of Center operates two distinct economic development corporations, a 4A and a 4B corporation as identified by Chapter 342 of the Texas Government Code. The 4B Corporation is dedicated to using sales tax revenue to reconstruct and rehabilitate City streets and thoroughfares. The 4A Corporation is the traditional economic development corporation in that it helps fund projects to locate and expand industry to create primary jobs. The 4B EDC collects a ½ cent sales tax on all taxable purchases inside of the City, and the 4A EDC collects a ¼ cent tax.

4A ECONOMIC DEVELOPMENT CORPORATION

In 1996, the voters in Center adopted a resolution authorizing the creation of a 5-member 4A EDC Board, which is appointed by the City Council.

In FY 2009, the 4A EDC agreed to provide the funding to create a Tax Increment Financing Zone (TIF) to pay for the construction of Civic Center Drive. The TIF borrowed the money from the EDC, and this infrastructure development was meant to create more developable area around the new Civic Center. The additional tax generated from increased values is directed to repaying the EDC. This is reflected as a payable due from the TIF.

Similarly, in FY 2016, the EDC entered into an agreement with VIATRACK, who began operations in the former Armstrong Hardwood Flooring plant. The agreement was for a loan/forgivable loan combination package

The Center EDC has also agreed to sponsor the AWOS system at Center Municipal Airport. The Corporation also made contributions to extend utility service to areas serviced by the new Loop 500 extension on the north side of the City.

The Center EDC created three new programs – one to help entrepreneurs in the start-up process (EMERGE program), one to assist property owners improve their buildings and/or facades (INNOVA program) and the other to document tracts of land to facilitate marketing.

Finally, the EDC makes payments to the City to offset the costs of administration and staff services.

4B ECONOMIC DEVELOPMENT CORPORATION

Each year, the Street EDC allocates nearly \$600,000 for street reconstruction projects. In FY 2016, the EDC funded the match for a Downtown sidewalk grant, completed an update to the long-term street maintenance study, and began the reconstruction of Childs Street. In FY 2019, the EDC Board agreed to scheduled transfers to the Debt Fund to pay for a portion of the Downtown Renewal Project.

Finally, the Street EDC makes payments to the City to offset the costs of administration and staff services.



**FY 2025 BUDGET
4A ECONOMIC DEVELOPMENT CORPORATION**

In February 2020, the Center City Council and the Center Economic Development Corporation Board held a workshop to review the City/EDC's economic development program objectives. The result of this re-evaluation is the following goals:

- Maintain Center's traditional rural economic base by establishing an active business retention & expansion (BRE) program.
- Improve local demographics and attract new firms by building a workforce pipeline of skills for 21st Century jobs.
- Diversify the local economy and tax base by engaging in an aggressive campaign to recruit advanced manufacturing firms.
- Solidify the local economic base by facilitating new institutions to locate in Center.
- Undergird all other goals by attracting workforce talent by enhancing the City's quality of life.
- Plan for sufficient infrastructure to facilitate new growth.

The FY 2025 budget allocates funding as approved by the Board of Directors on July 17, 2024.

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenue					
Sales Tax	501,262	538,814	558,500	538,800	547,000
Interest	23,239	105,712	29,100	32,500	18,200
Other	(62)	-	-	-	-
TIF Interest	5,944	5,275	4,587	4,587	4,587
Viatract Payment	-	-	-	-	-
TOTAL	530,383	649,801	592,187	575,887	569,787
Expenditures					
Supplies	5	-	500	-	-
Contractual	56,646	1,065,250	1,420,050	54,750	134,300
Sundry	1,986	284	14,000	1,050	11,000
Maintenance	3,000	3,000	3,000	3,000	3,000
Fund Transfers	60,000	30,000	30,000	30,000	30,000
Total Operational	121,638	1,098,534	1,467,550	88,800	178,300
Portacool Interim PA				230000	240000
Portacool PA allocation					
TDA-Industrial Park Note					
Broadband Payment				2100000	0
TOTAL Expenditures	121,638	1,098,534	1,467,550	2,418,800	418,300
FUND BALANCE					
Beginning	2,665,289	3,074,034	3,095,061	2,625,302	782,388
Revenues Over/(Under)	408,745	(448,733)	(875,363)	(1,842,913)	151,487
Ending	3,074,034	2,625,302	2,219,698	782,388	933,875



**FY 2025 BUDGET
4B ECONOMIC DEVELOPMENT CORPORATION**

The FY 2025 budget allocates funding as approved by the Board of Directors on June 16, 2023. The following contains a modification from the budget approved by the Street EDC Board. That being the removal of the \$100,000 commitment toward the original downtown renovation project debt which is shown in this document to be delayed for FY 2025 to allow funding for planned concrete installation on the downtown, finishing some of the original planned improvements, and allowing use of those funds for debt at a later date when it may be more beneficial to the City's finances and valuable to the taxpayers.

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
REVENUE					
Sales Tax	1,002,525	1,077,628	1,117,000	1,077,600	1,093,900
Other					
Interest	8,839	72,238	55,800	85,000	75,100
TOTAL REVENUE	1,011,364	1,149,866	1,172,800	1,162,600	1,169,000
EXPENDITURES					
Administration	30,000	30,000	30,000	30,000	30,000
Other	-	-			
Contractual	1,520	4,200	4,200	4,450	4,500
Sundry	128	(101)	1,050	500	1,000
<u>Projects & Commitments</u>					
Annual Street Program	432,928	698,366	750,000	1,070,509	750,000
Concrete/Drainage Construction					250,000
Transfer to Debt	150,000	100,000	-	-	-
Engineering	-	-	45,000	37,600	45,000
TOTAL EXPENDITURES	614,576	832,465	830,250	1,143,059	1,080,500
BEGINNING FUND BALANCE	1,143,750	1,540,538	1,254,240	1,857,939	1,877,480
	396,788	317,401	78,850	19,541	88,500
REVENUES OVER/(UNDER) EXPENDITURES					
ENDING FUND BALANCE	1,540,538	1,857,939	1,333,090	1,877,480	1,965,980



**FY 2025 BUDGET
TAX INCREMENT REINVESTMENT DISTRICT #1
FUND NARRATIVE**

A Tax Increment Reinvestment Zone (TIRZ or TIF) is a financing tool enabled by the Texas Legislature in Chapter 311 of the Texas Tax Code, to assist cities in developing or redeveloping blighted areas with substandard infrastructure within their boundaries. Cities may create a TIRZ in areas where the absence of public infrastructure inhibits development.

How Does It Work?

A geographical area is designated as the TIRZ and the area's taxable value is calculated; this represents the base value. The taxing entity still receives the full base value of the property. Typically, the TIRZ borrows money to fund improvements, such as streets and utilities. Any future improvements or development of the property will cause the value to rise; this is the tax increment. The property tax amount is calculated on the increment and then dedicated towards the repayment of the loan. The TIRZ is dissolved once the debt is retired, all projects are complete or expiration of its created term.

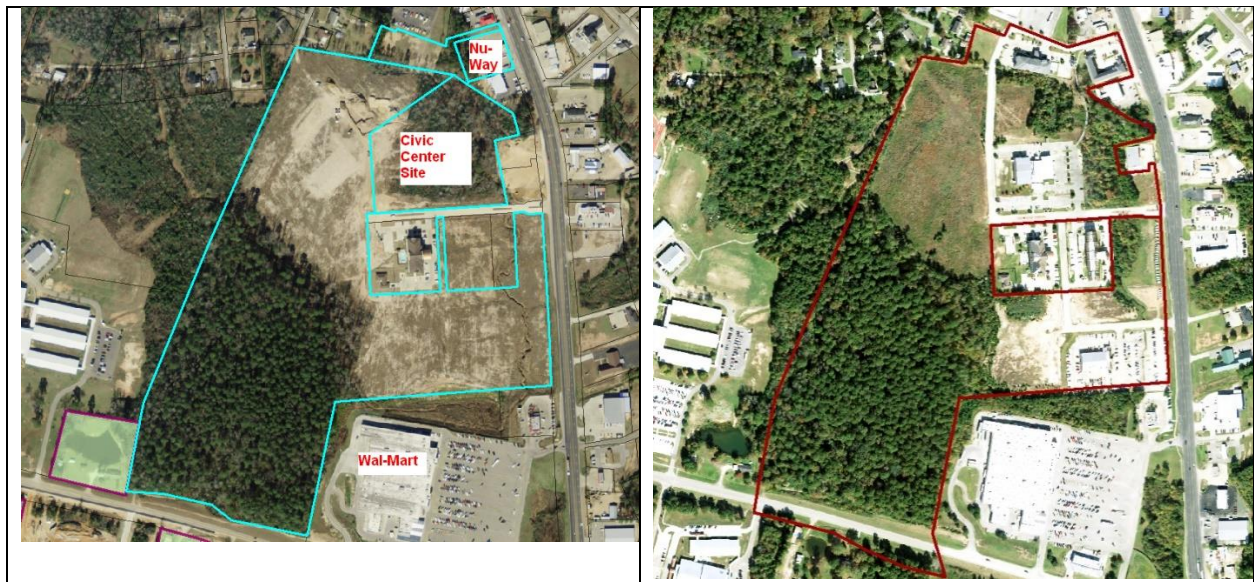
TIRZ #1 was created to expedite the development of the vacant properties that have the potential for valuable commercial development. TIRZ #1 consists of a 72.29 acre tract of primarily vacant and agricultural land on the west side of the City. US 96 establishes the eastern boundary, Roughrider Drive is the southern boundary, and the Center ISD property (Center High School) serves as the western boundary. The TIRZ #1 has a term of 20 years, beginning on July 15, 2010 and expiring July 14, 2030. The governing Board of TIRZ #1 includes two appointees by the City of Center, two appointees by Shelby County and the majority property owner within the district boundary, or their representative, approved by the City Council.



Tax Increment Reinvestment Zone #1 Map

The Center EDC funded the initial debt for the TIRZ project. A 3,800 foot street (Civic Center Drive), water, sewer, and drainage improvements were constructed. The participating taxing entities who contribute to the debt payments are the City of Center, Shelby County, and the Shelby County Road and Bridge. The City, acting as the TIF administrator uses the increment to calculate annual payments credited back to the EDC based on the loan agreement.

Since the TIF's creation, two new hotels and Center Motors have been constructed with other Tax developments being planned and many others just outside of the district boundaries because of the significant increase in daily traffic, hotel guests and civic center events.



Increment Reinvestment Zone 2010 (left) – 2021 (right)

TIF FUNDED IMPROVEMENTS

Civic Center Drive	\$410,000
Drainage Issues	61,300
Surveying, Engineering & Testing	55,000
Total	\$526,300
ACTUAL PROJECT EXPENDITURES	\$409,427

Due to the decline in the zone's property values in 2014, it became necessary to execute an amendment to the loan agreement in order to reduce the annual payments to a level more commensurate with generated revenues. Also, a stipulation was added that the TIF leave in reserve an amount less than or equal to one half of the annual payment amount.

With the slowdown in regional industry activity and the onset of the COVID-19 pandemic, many of the commercial properties in the zone were reappraised lower to account for current economic conditions.



**FY 2023 BUDGET
TAX INCREMENT FINANCING ZONE #1**

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Total Increment Amount	4,348,591	5,070,951	5,038,091	5,038,091	5,201,451
TIF Revenue					
City of Center	26,928	35,233	31,400	29,560	30,640
Shelby County	31,427	20,288	32,620	29,930	27,980
Road & Bridge	0	10272.07	4,030	0	3,040
Interest Earnings	1062.97	7974	1,400	10,000	9,100
TOTAL	59,418	73,766	69,450	69,490	70,760
Debt Payments	28,223	28,223	28,225	28,223	28,225
Expenditures Over/(Under) Revenues	31,195	45,543	41,225	41,267	42,535
Beginning Fund Balance	109,170	140,365	139,802	185,908	227,175
Reserve Amount/Ending Fund Balance	140,365	185,908	181,027	227,175	269,710
Loan Balance	175,839	152,890	129,254	129,254	104,908

Payment #	Due Date	Beginning Balance	Scheduled Payment	Principal	Interest	Ending Balance
1	02-01-2015	336,926.74	28,223.20	18,115.40	10,107.80	318,811.34
2	02-01-2016	318,811.34	28,223.20	18,658.86	9,564.34	300,152.48
3	02-01-2017	300,152.48	28,223.20	19,218.63	9,004.57	280,933.85
4	02-01-2018	280,933.85	28,223.20	19,795.19	8,428.02	261,138.67
5	02-01-2019	261,138.67	28,223.20	20,389.04	7,834.16	240,749.63
6	02-01-2020	240,749.63	28,223.20	21,000.71	7,222.49	219,748.92
7	02-01-2021	219,748.92	28,223.20	21,630.73	6,592.47	198,118.18
8	02-01-2022	198,118.18	28,223.20	22,279.66	5,943.55	175,838.53
9	02-01-2023	175,838.53	28,223.20	22,948.05	5,275.16	152,890.48
10	02-01-2025	152,890.48	28,223.20	23,636.49	4,586.71	129,254.00
11	02-01-2025	129,254.00	28,223.20	24,345.58	3,877.62	104,908.48
12	02-01-2026	104,908.41	28,223.20	25,075.95	3,147.25	79,832.47
13	02-01-2027	79,832.47	28,223.20	25,828.23	2,394.97	54,004.24
14	02-01-2028	54,004.24	28,223.20	26,603.07	1,620.13	27,401.17
15	02-01-2029	27,401.17	28,223.20	26,579.13	822.03	0

Original Principal Borrowed from Center EDC: \$409,427

Interest Rate: 3%

Cumulative Interest: \$70,546

June 2014 Loan Amendment

Principal Refinanced: 336,926.74

Interest Rate: 3%

Cumulative Interest \$86,421.27



**FY 2025 BUDGET
CENTER LOCAL GOVERNMENT CORPORATION**

The Center Local Government Corporation was formed by the Center City Council in the Fall of 2018 with the mission of holding and managing the assets of the Parker Place subdivision. The City acquired the remaining subdivision lots in 2018 after reaching a settlement agreement with the owner. Following the repayment of a Housing Infrastructure Fund (HIF) grant, the owner wished to sell the lots at a discounted price in return for a release from any obligations to the City. The purpose of this activity is to sell the lots to builders or individual homeowners for house construction.

The Corporation will receive revenue from lot sale proceeds. The Corporation's expenses consist of minor administrative expenses and property maintenance. The graphics on the following page show the approximate location of the property and the number, layout, and price points of the available lots.

	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Estimate	FY 2025 Proposed
Revenues					
Contribution from City	0	(1)	0	0	0
Lot Sales	0	18,500	6,500	12,500	6,500
Interest	8	0	10	400	2,000
Total Revenue	8	18,500	6,510	12,900	8,500
Expenditures					
Personnel	0	0	0	0	0
Supplies	0	0	0	0	0
Contractual	2,560	2,560	3,000	2,750	2,750
Utilities	0	0	0	0	0
Sundry	0	0	0	0	0
Maintenance	0	0	0	0	0
Capital	0	0	0	0	0
Total Expenditures	2,560	2,560	3,000	2,750	2,750
BEGINNING FUND BALANCE	25,414	22,862	22,866	38,802	48,952
REVENUES OVER/(UNDER)					
EXPENDITURES	(2,552)	15,940	3,510	10,150	5,750
ENDING FUND BALANCE	22,862	38,802	26,376	48,952	54,702



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2024 Tax Rate Calculation Worksheet Taxing Units Other Than School Districts or Water Districts

Form 50-856

City of Center

936-598-2941

Taxing Unit Name

Phone (area code and number)

617 Tenaha Street Center, Texas 75935

<https://centerltxas.org/>

Taxing Unit's Address, City, State, ZIP Code

Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

1.	Prior year total taxable value. Enter the amount of the prior year taxable value on the prior year tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). ¹	\$ 359,679,498
2.	Prior year tax ceilings. Counties, cities and junior college districts. Enter the prior year total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision last year or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$ 0
3.	Preliminary prior year adjusted taxable value. Subtract Line 2 from Line 1.	\$ 359,679,498
4.	Prior year total adopted tax rate.	\$ 0.589100 /\$100
5.	Prior year taxable value lost because court appeals of ARB decisions reduced the prior year's appraised value. A. Original prior year ARB values: \$ 0 B. Prior year values resulting from final court decisions: - \$ 0 C. Prior year value loss. Subtract B from A. ³	\$ 0
6.	Prior year taxable value subject to an appeal under Chapter 42, as of July 25. A. Prior year ARB certified value: \$ 0 B. Prior year disputed value: - \$ 0 C. Prior year undisputed value. Subtract B from A. ⁴	\$ 0
7.	Prior year Chapter 42 related adjusted values. Add Line 5C and Line 6C.	\$ 0

¹ Tex. Tax Code §26.012(14)

² Tex. Tax Code §26.012(14)

³ Tex. Tax Code §26.012(13)

⁴ Tex. Tax Code §26.012(13)



8.	Prior year taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ 359,679,498
9.	Prior year taxable value of property in territory the taxing unit deannexed after Jan. 1, 2023. Enter the prior year value of property in deannexed territory. ¹	\$ 0
10.	Prior year taxable value lost because property first qualified for an exemption in the current year. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freepport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in the current year does not create a new exemption or reduce taxable value. A. Absolute exemptions. Use prior year market value: \$ 85,730 B. Partial exemptions. Current year exemption amount or current year percentage exemption times prior year value: + \$ 386,882 C. Value loss. Add A and B.²	\$ 472,612
11.	Prior year taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in the current year. Use only properties that qualified for the first time in the current year; do not use properties that qualified in the prior year. A. Prior year market value: \$ 167,950 B. Current year productivity or special appraised value: - \$ 3,820 C. Value loss. Subtract B from A.³	\$ 164,130
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ 636,742
13.	Prior year captured value of property in a TIF. Enter the total value of the prior year captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the prior year taxes were deposited into the tax increment fund. ⁴ If the taxing unit has no captured appraised value in line 18D, enter 0.	\$ 5,038,091
14.	Prior year total value. Subtract Line 12 and Line 13 from Line 8.	\$ 354,004,665
15.	Adjusted prior year total levy. Multiply Line 4 by Line 14 and divide by \$100.	\$ 2,085,441
16.	Taxes refunded for years preceding the prior tax year. Enter the amount of taxes refunded by the taxing unit for tax years preceding the prior tax year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for the prior tax year. This line applies only to tax years preceding the prior tax year. ⁵	\$ 1,638
17.	Adjusted prior year levy with refunds and TIF adjustment. Add Lines 15 and 16. ¹⁴	\$ 2,087,079
18.	Total current year taxable value on the current year certified appraisal roll today. This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled.¹¹ A. Certified values: \$ 367,674,385 B. Counties: Include railroad rolling stock values certified by the Comptroller's office: + \$ C. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ 0 D. Tax increment financing: Deduct the current year captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the current year taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below.¹² - \$ 5,144,931 E. Total current year value. Add A and B, then subtract C and D.	\$ 362,529,454

¹ Tex. Tax Code §26.012(15)² Tex. Tax Code §26.012(15)³ Tex. Tax Code §26.012(15)⁴ Tex. Tax Code §26.03(c)⁵ Tex. Tax Code §26.012(15)¹¹ Tex. Tax Code §26.012(13)¹² Tex. Tax Code §26.012, 26.04(e-2)¹⁴ Tex. Tax Code §26.03(c)



19. Total value of properties under protest or not included on certified appraisal roll. ¹³	
A. Current year taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹⁴	\$ 0
B. Current year value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. ¹⁵	+ \$ 0
C. Total value under protest or not certified. Add A and B.	\$ 0
20. Current year tax ceilings. Counties, cities and junior colleges enter current year total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in the prior year or a previous year for homeowners age 65 or older or disabled, use this step. ¹⁶	\$ 0
21. Current year total taxable value. Add Lines 18E and 19C. Subtract Line 20. ¹⁷	\$ 362,529,454
22. Total current year taxable value of properties in territory annexed after Jan. 1, of the prior year. Include both real and personal property. Enter the current year value of property in territory annexed. ¹⁸	\$ 1,278,974
23. Total current year taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in the prior year. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, of the prior year and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for the current year. ¹⁹	\$ 1,523,076
24. Total adjustments to the current year taxable value. Add Lines 22 and 23.	\$ 2,802,050
25. Adjusted current year taxable value. Subtract Line 24 from Line 21.	\$ 359,727,404
26. Current year NNR tax rate. Divide Line 17 by Line 25 and multiply by \$100. ²⁰	\$ 0.580183 /\$100
27. COUNTIES ONLY. Add together the NNR tax rates for each type of tax the county levies. The total is the current year county NNR tax rate. ²¹	\$ /\$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

- 1. Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
- 2. Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

28. Prior year M&O tax rate. Enter the prior year M&O tax rate.	\$ 0.375405 /\$100
29. Prior year taxable value, adjusted for actual and potential court-ordered adjustments. Enter the amount in Line 8 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 359,679,496

¹³ Tex. Tax Code §26.01(c) and (d).¹⁴ Tex. Tax Code §26.01(c).¹⁵ Tex. Tax Code §26.01(d).¹⁶ Tex. Tax Code §26.0126(B).¹⁷ Tex. Tax Code §26.0126(a).¹⁸ Tex. Tax Code §26.0121(f).¹⁹ Tex. Tax Code §26.0121(f).²⁰ Tex. Tax Code §26.04(c).²¹ Tex. Tax Code §26.04(d).



30.	Total prior year M&O levy. Multiply Line 28 by Line 29 and divide by \$100.	\$ 1,350,254
31.	Adjusted prior year levy for calculating NNR M&O rate. A. M&O taxes refunded for years preceding the prior tax year. Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2023. This line applies only to tax years preceding the prior tax year. + \$ 1,073 B. Prior year taxes in TIF. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no current year captured appraised value in Line 18D, enter 0. - \$ 29,679 C. Prior year transferred function. If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0. +/- \$ 0 D. Prior year M&O levy adjustments. Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function. \$ -28,606 E. Add Line 30 to 31D. \$ 1,321,648	
32.	Adjusted current year taxable value. Enter the amount in Line 25 of the No-New-Revenue Tax Rate Worksheet.	\$ 359,727,404
33.	Current year NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by \$100.	\$ 0.367402 /\$100
34.	Rate adjustment for state criminal justice mandate. ¹³ A. Current year state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. \$ 0 B. Prior year state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies. - \$ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0.000000 /\$100 D. Enter the rate calculated in C. If not applicable, enter 0. \$ 0.000000 /\$100	
35.	Rate adjustment for indigent health care expenditures. ¹⁴ A. Current year indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, of the prior tax year and ending on June 30, of the current tax year, less any state assistance received for the same purpose. \$ 0 B. Prior year indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2022 and ending on June 30, 2023, less any state assistance received for the same purpose. - \$ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0.000000 /\$100 D. Enter the rate calculated in C. If not applicable, enter 0. \$ 0.000000 /\$100	



36. Rate adjustment for county indigent defense compensation. ²⁵	
A. Current year indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, of the prior tax year and ending on June 30, of the current tax year, less any state grants received by the county for the same purpose.....	\$ 0
B. Prior year indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2022 and ending on June 30, 2023, less any state grants received by the county for the same purpose.....	\$ 0
C. Subtract B from A and divide by Line 32 and multiply by \$100.....	\$ 0.000000 /\$100
D. Multiply B by 0.05 and divide by Line 32 and multiply by \$100.....	\$ 0.000000 /\$100
E. Enter the lesser of C and D. If not applicable, enter 0.	\$ 0.000000 /\$100
37. Rate adjustment for county hospital expenditures. ²⁶	
A. Current year eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, of the prior tax year and ending on June 30, of the current tax year.....	\$ 0
B. Prior year eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2022 and ending on June 30, 2023.....	\$ 0
C. Subtract B from A and divide by Line 32 and multiply by \$100.....	\$ 0.000000 /\$100
D. Multiply B by 0.08 and divide by Line 32 and multiply by \$100.....	\$ 0.000000 /\$100
E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.	\$ 0.000000 /\$100
38. Rate adjustment for defunding municipality. This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code Section 26.0444 for more information.	
A. Amount appropriated for public safety in the prior year. Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year.....	\$ 0
B. Expenditures for public safety in the prior year. Enter the amount of money spent by the municipality for public safety during the preceding fiscal year.....	\$ 0
C. Subtract B from A and divide by Line 32 and multiply by \$100.....	\$ 0.000000 /\$100
D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0.000000 /\$100
39. Adjusted current year NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	\$ 0.367402 /\$100
40. Adjustment for prior year sales tax specifically to reduce property taxes. Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in the prior year should complete this line. These entities will deduct the sales tax gain rate for the current year in Section 3. Other taxing units, enter zero.	
A. Enter the amount of additional sales tax collected and spent on M&O expenses in the prior year, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent.....	\$ 538,814
B. Divide Line 40A by Line 32 and multiply by \$100.....	\$ 0.149783 /\$100
C. Add Line 40B to Line 39.	\$ 0.517185 /\$100
41. Current year voter-approval M&O rate. Enter the rate as calculated by the appropriate scenario below. Special Taxing Unit. If the taxing unit qualifies as a special taxing unit, multiply Line 40C by 1.08. - or - Other Taxing Unit. If the taxing unit does not qualify as a special taxing unit, multiply Line 40C by 1.035.	\$ 0.535286 /\$100

²⁵ Tex. Tax Code §26.0442²⁶ Tex. Tax Code §26.0443



D41. Disaster Line 41 (D41): Current year voter-approval M&O rate for taxing unit affected by disaster declaration. If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of: 1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred; or 2) the third tax year after the tax year in which the disaster occurred. If the taxing unit qualifies under this scenario, multiply Line 40C by 1.08. ²⁹ If the taxing unit does not qualify, do not complete Disaster Line 41 (Line D41).	\$ 0.000000 /\$100
42. Total current year debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that: (1) are paid by property taxes; (2) are secured by property taxes; (3) are scheduled for payment over a period longer than one year; and (4) are not classified in the taxing unit's budget as M&O expenses. A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here. ³⁴ Enter debt amount \$ 767,441 B. Subtract unencumbered fund amount used to reduce total debt. - \$ 0 C. Subtract certified amount spent from sales tax to reduce debt (enter zero if none) - \$ 0 D. Subtract amount paid from other resources - \$ 0 E. Adjusted debt. Subtract B, C and D from A. \$ 767,441	\$ 767,441
43. Certified prior year excess debt collections. Enter the amount certified by the collector. ³⁵	\$ 0
44. Adjusted current year debt. Subtract Line 43 from Line 42E.	\$ 767,441
45. Current year anticipated collection rate. A. Enter the current year anticipated collection rate certified by the collector. ³¹ 98.00 % B. Enter the prior year actual collection rate. 98.00 % C. Enter the 2022 actual collection rate. 98.00 % D. Enter the 2021 actual collection rate. 99.00 % E. If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³¹ 98.00 %	98.00 %
46. Current year debt adjusted for collections. Divide Line 44 by Line 45E.	\$ 783,103
47. Current year total taxable value. Enter the amount on Line 21 of the No-New-Revenue Tax Rate Worksheet.	\$ 362,529,454
48. Current year debt rate. Divide Line 46 by Line 47 and multiply by \$100.	\$ 0.216010 /\$100
49. Current year voter-approval M&O rate plus current year debt rate. Add Lines 41 and 48.	\$ 0.751298 /\$100
D49. Disaster Line 49 (D49): Current year voter-approval tax rate for taxing unit affected by disaster declaration. Complete this line if the taxing unit calculated the voter-approval tax rate in the manner provided for a special taxing unit on Line D41. Add Line D41 and 48. \$ 0.000000 /\$100	\$ 0.000000 /\$100

²⁹ Tex. Tax Code §26.042(a)



50. COUNTIES ONLY. Add together the voter-approval tax rates for each type of tax the county levies. The total is the current year county voter-approval tax rate.	\$ 0.000000 /\$100
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SECTION 3: NNR Tax Rate and Voter-Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

51. Taxable Sales. For taxing units that adopted the sales tax in November of the prior tax year or May of the current tax year, enter the Comptroller's estimate of taxable sales for the previous four quarters. ¹² Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November of the prior year, enter 0.	\$ 0
52. Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ¹³ Taxing units that adopted the sales tax in November of the prior tax year or in May of the current tax year. Multiply the amount on Line 51 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ¹⁴ - or - Taxing units that adopted the sales tax before November of the prior year. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$ 525,123
53. Current year total taxable value. Enter the amount from Line 21 of the No-New-Revenue Tax Rate Worksheet.	\$ 362,529,454
54. Sales tax adjustment rate. Divide Line 52 by Line 53 and multiply by \$100.	\$ 0.144849 /\$100
55. Current year NNR tax rate, unadjusted for sales tax. ¹⁵ Enter the rate from Line 26 or 27, as applicable, on the No-New-Revenue Tax Rate Worksheet.	\$ 0.580183 /\$100
56. Current year NNR tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November of the prior tax year or in May of the current tax year. Subtract Line 54 from Line 55. Skip to Line 57 if you adopted the additional sales tax before November of the prior tax year.	\$ 0.580183 /\$100
57. Current year voter-approval tax rate, unadjusted for sales tax. ¹⁶ Enter the rate from Line 49, Line D49 (disaster) or Line 50 (counties) as applicable, of the Voter-Approval Tax Rate Worksheet.	\$ 0.751296 /\$100
58. Current year voter-approval tax rate, adjusted for sales tax. Subtract Line 54 from Line 57.	\$ 0.606447 /\$100

SECTION 4: Voter-Approval Tax Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

59. Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ¹⁷ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ¹⁸	\$ 0
60. Current year total taxable value. Enter the amount from Line 21 of the No-New-Revenue Tax Rate Worksheet.	\$ 362,529,454
61. Additional rate for pollution control. Divide Line 59 by Line 60 and multiply by \$100.	\$ 0.000000 /\$100

¹² Tex. Tax Code §26.041(d)

¹³ Tex. Tax Code §26.041(f)

¹⁴ Tex. Tax Code §26.041(d)

¹⁵ Tex. Tax Code §26.04(c)

¹⁶ Tex. Tax Code §26.04(c)

¹⁷ Tex. Tax Code §26.045(d)

¹⁸ Tex. Tax Code §26.045(f)



62. Current year voter-approval tax rate, adjusted for pollution control. Add Line 61 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties) or Line 58 (taxing units with the additional sales tax).	\$ 0.606447 /\$100
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SECTION 5: Voter-Approval Tax Rate Adjustment for Unused Increment Rate

The unused increment rate is the rate equal to the sum of the prior 3 years Foregone Revenue Amounts divided by the current taxable value. ³⁹ The Foregone Revenue Amount for each year is equal to that year's adopted tax rate subtracted from that year's voter-approval tax rate adjusted to remove the unused increment rate multiplied by that year's current total value. ⁴⁰

The difference between the adopted tax rate and adjusted voter-approval tax rate is considered zero in the following scenarios:

- a tax year in which a taxing unit affected by a disaster declaration calculates the tax rate under Tax Code Section 26.042; ⁴¹
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a); ⁴² or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval. ⁴³

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit. ⁴⁴

63. Year 3 Foregone Revenue Amount. Subtract the 2023 unused increment rate and 2023 actual tax rate from the 2023 voter-approval tax rate. Multiply the result by the 2023 current total value	
A. Voter-approval tax rate (Line 67).....	\$ 0.589103 /\$100
B. Unused increment rate (Line 66).....	\$ 0.000348 /\$100
C. Subtract B from A.....	\$ 0.588755 /\$100
D. Adopted Tax Rate.....	\$ 0.589100 /\$100
E. Subtract D from C.....	\$ -0.000345 /\$100
F. 2023 Total Taxable Value (Line 60).....	\$ 363,901,175
G. Multiply E by F and divide the results by \$100. If the number is less than zero, enter zero.....	\$ 0
64. Year 2 Foregone Revenue Amount. Subtract the 2022 unused increment rate and 2022 actual tax rate from the 2022 voter-approval tax rate. Multiply the result by the 2022 current total value	
A. Voter-approval tax rate (Line 67).....	\$ 0.602987 /\$100
B. Unused increment rate (Line 66).....	\$ 0.009639 /\$100
C. Subtract B from A.....	\$ 0.593348 /\$100
D. Adopted Tax Rate.....	\$ 0.602640 /\$100
E. Subtract D from C.....	\$ -0.009292 /\$100
F. 2022 Total Taxable Value (Line 60).....	\$ 332,319,969
G. Multiply E by F and divide the results by \$100. If the number is less than zero, enter zero.....	\$ 0
65. Year 1 Foregone Revenue Amount. Subtract the 2021 unused increment rate and 2021 actual tax rate from the 2021 voter-approval tax rate. Multiply the result by the 2021 current total value	
A. Voter-approval tax rate (Line 67).....	\$ 0.628873 /\$100
B. Unused increment rate (Line 66).....	\$ 0.008247 /\$100
C. Subtract B from A.....	\$ 0.620626 /\$100
D. Adopted Tax Rate.....	\$ 0.619233 /\$100
E. Subtract D from C.....	\$ 0.001393 /\$100
F. 2021 Total Taxable Value (Line 60).....	\$ 306,004,704
G. Multiply E by F and divide the results by \$100. If the number is less than zero, enter zero.....	\$ 4,262
66. Total Foregone Revenue Amount. Add Lines 63G, 64G and 65G	\$ 4,262 /\$100
67. 2024 Unused Increment Rate. Divide Line 66 by Line 21 of the No-New-Revenue Rate Worksheet. Multiply the result by 100	\$ 0.001175 /\$100
68. Total 2024 voter-approval tax rate, including the unused increment rate. Add Line 67 to one of the following lines (as applicable): Line 49, Line 50 (counties), Line 58 (taxing units with additional sales tax) or Line 62 (taxing units with pollution)	\$ 0.607622 /\$100

³⁹ Tex. Stat. Code §26.013(b).

⁴⁰ Tex. Stat. Code §26.013(a)(1)-(a), (1)-(b), and (2).

⁴¹ Tex. Stat. Code §26.042(c)(2)(A) and 26.042(a).

⁴² Tex. Stat. Code §526.0501(a) and (c).

⁴³ Tex. Local Gov't Code §120.007(d).

⁴⁴ Tex. Local Gov't Code §120.007(d).

**2024 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts**

Form 50-656

SECTION 6: De Minimis Rate

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise \$500,000, and the current debt rate for a taxing unit.⁴⁴ This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit.⁴⁵

69. Adjusted current year NNR M&O tax rate. Enter the rate from Line 39 of the Voter-Approval Tax Rate Worksheet.	\$ 0.367402 /\$100
70. Current year total taxable value. Enter the amount on Line 21 of the No-New-Revenue Tax Rate Worksheet.	\$ 362,529,454
71. Rate necessary to impose \$500,000 in taxes. Divide \$500,000 by Line 70 and multiply by \$100.	\$ 0.137919 /\$100
72. Current year debt rate. Enter the rate from Line 48 of the Voter-Approval Tax Rate Worksheet.	\$ 0.218010 /\$100
73. De minimis rate. Add Lines 69, 71 and 72.	\$ 0.721331 /\$100

SECTION 7: Voter-Approval Tax Rate Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year.⁴⁶

Similarly, if a taxing unit adopted a tax rate that exceeded its voter-approval tax rate, calculated normally, without holding an election to respond to a disaster, as allowed by Tax Code Section 26.042(d), in the prior year, it must also reduce its voter-approval tax rate for the current tax year.⁴⁷

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago. This section will apply to a taxing unit in a disaster area that adopted a tax rate greater than its voter-approval tax rate without holding an election in the prior year.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

74. 2023 adopted tax rate. Enter the rate in Line 4 of the No-New-Revenue Tax Rate Worksheet.	\$ 0.589100 /\$100
75. Adjusted 2023 voter-approval tax rate. Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. If a disaster occurred in 2023 and the taxing unit calculated its 2023 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) of the 2023 worksheet due to a disaster, complete the applicable sections or lines of Form 50-856-a, <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> . - or - If a disaster occurred prior to 2023 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) in 2023, complete form 50-856-a, <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> to recalculate the voter-approval tax rate the taxing unit would have calculated in 2023 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the years following the disaster. ⁴⁸ Enter the final adjusted 2023 voter-approval tax rate from the worksheet. - or - If the taxing unit adopted a tax rate above the 2023 voter-approval tax rate without calculating a disaster tax rate or holding an election due to a disaster, no recalculation is necessary. Enter the voter-approval tax rate from the prior year's worksheet.	\$ 0.000000 /\$100
76. Increase in 2023 tax rate due to disaster. Subtract Line 75 from Line 74.	\$ 0.000000 /\$100
77. Adjusted 2023 taxable value. Enter the amount in Line 14 of the No-New-Revenue Tax Rate Worksheet.	\$ 354,004,665
78. Emergency revenue. Multiply Line 76 by Line 77 and divide by \$100.	\$ 0
79. Adjusted 2023 taxable value. Enter the amount in Line 25 of the No-New-Revenue Tax Rate Worksheet.	\$ 359,727,404
80. Emergency revenue rate. Divide Line 78 by Line 79 and multiply by \$100. ⁴⁹	\$ 0.000000 /\$100

⁴⁴ Tex. Tax Code §26.04(c)(2)(B).⁴⁵ Tex. Tax Code §26.012(b-a).⁴⁶ Tex. Tax Code §26.063(a)(1).⁴⁷ Tex. Tax Code §26.042(b).⁴⁸ Tex. Tax Code §26.043(f).⁴⁹ Tex. Tax Code §26.043(f).



2024 Tax Rate Calculation Worksheet – Taxing Units Other Than School Districts or Water Districts

Form 50-856

Line	Emergency Revenue Rate Worksheet	Amount/Rate
81.	Current year voter-approval tax rate, adjusted for emergency revenue. Subtract Line 80 from one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax), Line 62 (taxing units with pollution control) or Line 68 (taxing units with the unused increment rate).	\$ 0.607622 /\$100

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above:

No-new-revenue tax rate. \$ 0.580183 /\$100
As applicable, enter the current year NNR tax rate from: Line 26, Line 27 (counties), or Line 56 (adjusted for sales tax).
Indicate the line number used: 26

Voter-approval tax rate. \$ 0.607622 /\$100
As applicable, enter the current year voter-approval tax rate from: Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (adjusted for sales tax), Line 62 (adjusted for pollution control), Line 68 (adjusted for unused increment), or Line 81 (adjusted for emergency revenue).
Indicate the line number used: 68

De minimis rate. \$ 0.721331 /\$100
If applicable, enter the current year de minimis rate from Line 73.

SECTION 9: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in the Tax Code. ⁵²

print
here ▶

Chad Nehring

Printed Name of Taxing Unit Representative

sign
here ▶

Taxing Unit Representative

Date

8/12/2024



APPENDIX A

DEBT MANAGEMENT POLICY

INTRODUCTION

The purpose of this policy is to ensure that the City of Center is responsible with the debt it issues and with future debt; that it maintains sufficient amounts of financial reserves to meet its debt service obligations; and, that the City can fund long range capital projects.

By adopting this policy, the Center City Council agrees that some long-range projects should be funded by means of debt. Certain capital projects have a cost which exceeds the ability of the City to save funds and then pay cash. Inflationary costs may push the cost of the project up to a point where it is more financially feasible to pay for the project in current rather than future dollars. Also, the project may be needed in the short term, which precludes the option of saving and then paying cash. Finally, the financial burden of some projects should be borne by those individuals who are receiving the benefit of the project.

POLICY

The City may authorize Certificate of Obligation (CO) bonds in the amount necessary to purchase capital items or fund capital projects.

The City shall issue debt when the use of debt is appropriate and specifically approved by the Center City Council and expenditure of such debt proceeds shall be in strict accordance with the designated purpose.

In no case shall the term of issued debt be longer than a period of 25 years. If the debt issue is for a single project, the term of the debt shall be no longer than the expected life of the project.

Long term debt shall not be used to finance current operations. Long term debt may also not be used to pay personnel costs related to the project management associated with the debt issuance.

The Center City Council shall exhibit a willingness to raise the necessary revenue to fully fund the current year's annual debt service payment.

In the budgetary process, the City Council shall ensure that all debt instruments will be properly funded in accordance with the appropriate bond covenants.

For revenue or tax and revenue supported debt, if system revenues are actually on deposit in the Interest and Sinking Fund prior to the time when ad valorem taxes are levied, then the amount of ad valorem taxes which otherwise would have been required to be levied may be reduced to the extent and by the amount of revenue on deposit in the Interest and Sinking fund.

Debt Limitations

At no time shall the total general fund debt obligation of the City of Center exceed 4% of the total taxable value of property inside the Center City Limits.

In regard to Utility System debt, revenue backed debt may only be issued to fund utility system improvements only when:

1. The benefit is for the overall system, such as water treatment plants, wastewater treatment plants, or means to secure additional water supplies.



2. The proposed project can demonstrate the capability to support debt service payments.
3. The project will finance utility extensions to areas where the City has desired to annex property. At that point, the City may consider Combination Tax and Revenue Bonds.

Annual contributions to the debt service fund shall not exceed 20% of the total general fund or utility fund expenditure budget.

Debt may be used to finance improvements to extend service life of original capital improvements under the following conditions:

1. The original improvement is at or near the end of its expected service life.
2. The improvement extends the service life by at least 1/3 of the original service life.
3. The life of the financing is shorter than the life of the betterment.

Tax Rate

The City will maintain an overall tax rate at or below regional comparison cities. The Maintenance and Operations (M&O) tax rate and the Interest and Sinking (I&S) tax rate will remain relatively balanced.

Debt Structuring

The City will generally issue debt for a term not to exceed 25 years. In no case shall the term exceed the planned life of the asset purchased. The repayment schedule shall approximate level debt service unless operational matters or emergency situations dictate otherwise or if market conditions indicate a significant potential savings.

Bond Insurance

The City staff will analyze whether the cost of bond insurance outweighs the additional interest cost without bond insurance. The City staff shall recommend which approach saves the City the most in interest payment costs.

Disclosure

Full disclosure of economic conditions and operations shall be made to the bond rating agencies and other consumers of financial information. The City staff with the assistance of the financial advisor and bond counsel, shall prepare the necessary materials for presentation to the rating agencies, and shall aid in the production of Offering Statements.

The City will maintain communication with the financial advisor, bond counsel, and ratings agencies. The City will follow a policy of full disclosure in every financial report and official bond statement.

Debt Refinancing

It is incumbent upon the City Council to be good stewards of taxpayer and customer money. As such, it is the responsibility of the City Council and City Management to save as much money as possible on debt service payments. The Council may authorize the refinancing of debt when:

1. The debt instrument is eligible for refinance.
2. The interest rate will be lower than the current interest rate.
3. The City will realize substantial net savings compared to the existing debt instrument.
4. The refinance will not extend the life of the debt.

Capital Projects

The City will not engage in proposing additional capital projects, which would include incurring additional debt, until all projects in a debt issuance have been completed or will be completed within 3 months of debt package proposal.

Federal Requirements

The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.



APPENDIX B CITY FUND BALANCE POLICY

The City of Center recognizes the importance of maintaining an appropriate level of Unassigned Fund Balance. After evaluating the City's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the City establishes the following goals regarding the Unassigned Fund Balance of the General Fund for the City of Center, Texas.

Beginning in FY 2016 and 2017, the City Council created the Vehicle Replacement Fund and Technology Fund as internal service funds. The City establishes the policy that, in the event of an emergency, the City is allowed to employ those resources.

The goal for this policy is that the City would retain in reserves a minimum of 25%, and optimally 30%, without any other funds. This equates to 90 to 120 days of operating reserves which would allow the City to continue providing services without receiving emergency funding or short-term anticipation notes for cash flow purposes in the event of unusual circumstances, natural disaster or other emergency.

Once the City achieves its minimum goal of an appropriate level of Unassigned Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including without limitation, additional capital improvement needs or tax rate stabilization or reduction purposes.

This policy has been adopted by the City to recognize the financial importance of a stable and sufficient level of the Unassigned Fund Balance. However, the City, by adopting an official action, reserves the right to appropriate funds from the Unassigned Fund Balance for emergencies and other unanticipated requirements the City believes to be in the best interest of the City.



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APPENDIX C INVESTMENT POLICY

I. INTRODUCTION

The purpose of this document is the investment policy and strategy for the City of Center in order to achieve the goals of safety, liquidity, yield, and public trust for all investment activity. The City Council of the City of Center shall review and adopt its investment strategies and the Policy not less than annually. This policy serves to satisfy the statutory requirement (specifically the Public Funds Investment Act, Texas Government Code 2256 (the "Act")) to define, adopt, and review a formal investment strategy and policy.

II. INVESTMENT STRATEGY

The City of Center maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.

- A. **Operating Funds.** Investment strategies for operating funds and co-mingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. The dollar weighted average maturity of 6 months or less will be calculated using the stated final maturity date of each security.
- B. **Debt Service Funds.** Investment strategies for debt service funds shall have as their primary objective the assurance of investment liquidity adequate to cover the debt service obligations on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date and the next debt service date shall be fully funded before extensions are made. The maximum WAM shall be 9 months.
- C. **Debt Service Reserve Funds.** Investment strategies for debt service reserve funds shall have as their primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund from securities with a low degree of volatility. Securities should be of high credit quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate term maturities. The maximum WAM shall not exceed 9 months.
- D. **Special Projects Funds.** Investment strategies for special projects or special purpose fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held should not exceed the estimated project completion date.

III. SCOPE

The investment policy applies to all financial assets of the City of Center. These funds are accounted for in the City's Comprehensive Annual Audit (Audit) and include:

- General Fund
- Special Revenue Fund
- Capital Project Fund
- Enterprise Funds
- Trust and Agency Funds



-
- Other funds as created from time to time

IV. OBJECTIVES

The City of Center shall manage and invest its cash with four objectives, listed in order of priority: Safety, Liquidity, Yield, and Public Trust. The preservation of capital always remains the primary objective. All investments shall be designated and managed in a manner responsive to the public trust and consistent with State and Local law. (Public Funds Investment Act, Texas Government Code 2256.)

A. SAFETY

The primary objective of the City's investment activity is the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they be from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

B. LIQUIDITY

The City's investment portfolio shall be structured such that the City is able to meet all obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

C. YIELD

The City's cash management portfolio shall be designed with the objective of regularly exceeding the average rate of return on three month U.S. Treasury Bills. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment policies.

D. PUBLIC TRUST

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

V. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES AND BROKER/DEALERS

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by conducting a process of due diligence. These may include 'primary' dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1. This list will be reviewed and adopted annually

The investment officer shall determine which financial institutions are authorized to provide investment services to the City. Institutions eligible to transact investment business with the City include primary government dealers as designated by the Federal Reserve Bank; nationally or state chartered banks; the Federal Reserve Bank; and direct issuers of securities eligible for purchase.

The City may contract with an investment management agent registered under the Investment Advisors Act of 1940 and with the State Securities Board to execute discretionary investment transactions and provide management of the investment portfolio within the guidelines of this policy. The advisory contract may not be for a term of more than two years. A renewal or extension of the contract must be made by resolution of the City Council.



The City may execute transactions only through or with entities that have been provided a copy of the City's investment policy and have signed a written instrument acknowledging that the organization has received and reviewed the City's investment policy and that it will limit transactions to those authorized under this policy.

Selection of financial institutions and broker/dealers authorized to engage in transactions with the City shall be at the sole discretion of the City.

VI. RESPONSIBILITY AND CONTROL

A. FINANCE COMMITTEE

A Finance Committee, consisting of appointments by the City of Center Council shall review operational strategies and monitor results. The Finance Committee shall include in its deliberation such topics as: performance reports, economic outlook, portfolio diversification, maturity structure, potential risk to the City's funds and authorized brokers and dealers.

B. DELEGATION OF AUTHORITY AND TRAINING

The authority to manage the City's investment program is derived from a resolution of the City Council. The Director of Finance is designated as investment officer of the City and is responsible for investment decisions and activities. The City Manager is designated as investment officer in the same capacity as the Finance Director in the event the Finance Director is not available or needs assistance. The Director of Finance shall establish written procedures for the operation of the investment program, consistent with this Investment Policy. The investment officers shall attend at least one training session of 10 hours relating to the officer's responsibility under the Act within 12 months after assuming duties and every succeeding two-year period.

C. INTERNAL CONTROLS

The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Director of Finance shall establish a process for annual independent reviews by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- A. Control of collusion.
- B. Separation of transaction authority from accounting to record keeping.
- C. Custodial safekeeping.
- D. Electronic transfer of funds and securities.
- E. Clear delegation of authority to subordinate staff members.
- F. Written confirmation for telephone (voice) transaction for investments and wire transfers.
- G. Execution of a wire transfer agreement with the depository bank or third party custodian.



D. PRUDENCE

The standard of prudence to be applied by the investment officer shall be the “prudent investor” rule, which states: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probably safety of their capital as well as the probable income to be derived.” In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration.

- A. The investment of all funds, or funds under the City’s control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment.
- B. Whether the investment decision was consistent with the written investment policy of the City.

The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for a specific security’s credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

E. ETHICS AND CONFLICTS OF INTEREST

City staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. City staff shall disclose to the City Manager any material financial interests in financial institutions that conduct business with the City and they shall further disclose positions that could be related to the performance of the City’s portfolio. City staff shall subordinate their personal financial transactions to those of the City, particularly with regard to timing of purchases and sales.

An investment officer of the City who has a personal relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

VII. COMPETITIVE TRANSACTIONS

Competitive bid information will be required on all purchases of investment instruments purchased on the secondary market (new issues are excepted). A competitive bid can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform

VIII. SAFEKEEPING AND CUSTODY

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment basis (DVP) to ensure that securities are deposited in the City’s safekeeping institution prior to the release of funds.

Securities will be held by an independent third-party safekeeping institution selected by the City. All securities will be evidenced by safekeeping receipts in the City’s name.

IX. COLLATERAL

Consistent with State law requirements, the City requires all bank deposits to be Federally insured or collateralized with eligible securities. Financial institutions serving as City depositories will execute a



Depository Agreement. The safekeeping portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations.

A. Time and Demand Collateral. All City time and demand deposits shall be secured above FDIC coverage by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, collateral will be maintained and monitored by the depository at 102% of market value of principal and accrued interest on the deposits. The bank shall review collateral at least quarterly to ensure that the market value of the pledged securities is maintained at 102% or greater.

Collateral pledged to secure deposits shall be held by an independent financial institution outside the holding company of the depository. The City shall require monthly reports from institutions that hold deposits for the City, demonstrating compliance of pledged securities. All collateral shall be subject to inspection and audit by the City or the City's independent auditors.

X. REPORTING

A. QUARTERLY REPORTING

The Director of Finance shall submit a signed quarterly investment report that summarizes current market conditions, economic developments and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and shall explain the total investment return for the quarter. The report shall be signed by all investment officers.

B. ANNUAL REPORT

Within 60 days of the end of the fiscal year, the Director of Finance shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the City Manager and City Council.

The quarterly investment report shall include detail and a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will be provided to the City Manager and City Council. The report will include the following:

- A. A listing of individual securities held at the end of the reporting period.
- B. The beginning and ending amortized book and market value of securities for the period.
- C. Average weighted yield to maturity of portfolio on investments as compared to the benchmark for the overall portfolio, which shall be the period coverage yield of the three month U.S. Treasury Bill.
- D. Additions and changes to the market value during the period.
- E. Listing of investments by market sector and maturity date.
- F. The percentage of the total portfolio which each type of investment represents.
- G. Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
- H. Unrealized gain/loss on the portfolio (market value vs. book value).
- I. Diversification by maturity and market sector.

All reports will provide the market value of the portfolio not only the amount paid for the security.



XI. INVESTMENT PORTFOLIO

A. ACTIVE PORTFOLIO MANAGEMENT

The City shall pursue an active versus a passive portfolio management philosophy. This is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. The investment officer will routinely monitor the contents of the portfolio, the available markets, and the relative value of competing instruments, and will make investment decisions and adjust the portfolio accordingly.

B. INVESTMENTS

Assets of the City of Center may be invested in the following instruments. At no time shall assets of the City be invested in any transaction or security not authorized for investment under the Act, as the Act may be amended from time to time.

1. Authorized

- A. Obligations of the United States of America, its agencies and instrumentalities with a maximum maturity of two years.
- B. Direct obligations of the State of Texas and agencies thereof with a maximum maturity of 3 years.
- C. Obligations of the States, agencies thereof, counties, cities and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than an "A" or its equivalent with a maximum maturity of 1 year.
- D. Certificates of Deposit of state and national banks doing business in Texas, guaranteed or insured by the Federal Deposit Insurance or its successor or secured by obligations described in A through D above, which are intended to include all direct agency or instrumentality issued mortgage backed securities rated AAA by a nationally recognized rating agency, and that have a market value of not less than the principal amount and accrued interest on the certificates.
- E. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities safekept with an independent third party, selected by the Director of Finance and/or City Manager. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas.
- F. AAA rated constant dollar public fund investment pools meeting the requirements of Texas Government Code 016-2356.019.

Securities added to the Act shall not be authorized for City until this Policy is amended and adopted.

All securities will be obtained on a competitive bid basis.

2. Not Authorized

The City's authorized investment options are more restrictive than those allowed by State Law. State law specifically prohibits investment in the following investment securities.

- A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage backed security collateral and pays no principal.



- B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage backed security collateral and bears no interest (Principally only MBS).
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (Inverse floater MBS).

C. HOLDING PERIOD

The City of Center intends to match the maturity of investments with liquidity needs of the City. In no case will the average maturity of investments of the City's operating funds exceed 6 months. The maximum final stated maturity of any investment shall not exceed three years.

D. RISK AND DIVERSIFICATION

The City of Center recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification which shall be achieved by the following general guidelines.

- A. Risk of issuer default is controlled by limiting investments to high credit quality securities allowed by the Act, which are described herein.
- B. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to 6 months, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and Insured or Collateralized Certificates of Deposits.

E. DOWNGRADED SECURITIES

The City may, from time to time, be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed by this policy, the investment officer will review and recommend an appropriate plan of action to the City Manager and City Council, no less frequently than quarterly. If the City has an investment advisor, that advisor shall notify the City and recommend a plan of action. The City may continue to hold a downgraded investment to maturity if a probable outcome is the eventual realization of full value, rather than a realized loss if divested prior to maturity.



APPENDIX D PURCHASING POLICY

I. Purpose

The purpose of the purchasing policy is to provide City staff with guidelines for materials, services and equipment procurement. The City of Center is committed to ensuring that the purchasing process is conducted in an ethical manner with consistent application to guarantee appropriate stewardship of public funds. Following these guidelines will assure that the City is in compliance with State and Federal law and City ordinances and policies while procuring the highest quality material and services at the best value for the citizens of Center. All formal bids require the Purchasing Department to confirm compliance with State law (e.g. newspaper advertisements, written specifications).

II. Bid Procedures

A. Purchases less than \$1,500 may be ordered in the most expeditious manner by use of one verbal quotation. Quotation will be verbally accepted based upon past experience, considering price, quality, and delivery date.

B. Purchases between \$1,500 and \$10,000

1. Not less than three (3) **written** quotes. Quotes shall be submitted to Purchasing and shall be attached to the purchase order request. **Any purchase of \$500.00 or more requires an issued purchase order.**

C. Purchases between \$10,000 and \$50,000

1. An informal Request for Proposal, Qualifications, or Bid (RFP, RFQ, RFB) will be required for purchases between \$10,000 and \$50,000.

2. The City Manager must authorize the release of any RFP, RFQ, or RFB's for budgeted proposed purchases between \$10,000 and \$50,000. Purchasing and the requesting Department will make a recommendation to the City Council; it is the responsibility of the requesting Department to present the request to the City Manager.

3. Departments shall coordinate with Purchasing to receive quote information. There is a minimum of five (5) business days for vendors to respond.

4. Not less than three (3) **written** proposals must be received.

5. No purchase orders will be issued prior to City Manager approval. If a contract is required with a recommended vendor, no purchase order will be issued until Council approves the contract.

D. Purchases of greater than \$50,000

1. A formal Request for Proposal or Qualifications (RFP, RFQ) with detailed written specifications or scope of work will be required for purchases over \$50,000.

2. No purchase orders will be issued prior to Council approval. If a contract is required with a recommended vendor, no purchase order will be issued until Council approves the contract.

E. Formal Request for Proposal/Qualification Procedure for City Departments –The solicitation of formal bids must abide by the following procedures so that the City is in compliance with all applicable laws.

1. The Department will develop detailed written specifications or scope of work to be included in the formal Request for Proposals or Qualifications. Purchasing will complete the other required language for the RFP/RFQ packet.

2. The RFP/RFQ is presented to City Council for authorization for release. The City Council must approve the release of any RFP, RFQ's for proposed purchases over \$50,000. Purchasing and the requesting Department will make a recommendation to the



City Council; it is the responsibility of the requesting Department to present the request to Council.

3. The notice of RFP/RFQ including the notice of the time and place of proposal opening will be advertised in two successive issues of the City's official newspaper. There is a minimum of five (5) business days for vendors to respond. Purchasing will prepare the bid notice and submit to the paper for publishing.

4. Purchasing maintains a vendor list registering all vendors requesting to receive bids from the City of Center. Purchasing will send applicable vendors a copy of the RFP/RFQ following Council authorization.

5. Only signed and sealed responses will be considered valid and accepted.

6. A minimum of three (3) written proposals must be received.

7. A Purchasing representative will attend all bid openings. This is to protect the City against any claims of impropriety.

8. If less than three responses are received, the Purchasing Department will contact other vendors receiving a bid and collect "No Bid" information. This is to protect the City and its departments from accusations of favoritism or soliciting bids that are proprietary.

9. Any or all bids may be rejected. The City may base their decision upon past experience, quality, and delivery date.

F . Items exempt from competitive bidding are:

a. Sole source purchases (due to patents, copyrights, secret processes, or natural monopolies)

b. Electricity, gas, water or other utility services

c. Emergency purchases (Items purchased in case of public calamity to relieve the needs of the citizens or to preserve City property)

d. Personal or professional services

e. Work paid on a daily basis (day labor)

f. Land or right-of-way acquisitions

g. Items necessary because of unforeseen damage to public property

h. Interlocal contracts

III. Purchase Order Procedure

The following procedures for the issuance of Purchase Orders (PO's) are put in place to allow for budgetary accountability. All purchase above \$500 will require a purchase order. There are two categories of purchase order, those between \$500 and \$10,000 and those greater than \$10,000.

Purchases Between \$1,500 and \$25,000.

1. The employee requesting the purchase completes a Purchase Order Requisition Form.
2. The employee's Department Head signs off on the requisition form.
3. Three written quotes will need to be collected. The quotes and the Requisition Form are returned to Purchasing. Purchasing enters the information into the system. The Purchasing Manager approves the requisition to form and process; the Finance Director approves the requisition form to guarantee funds are available in the budget. The City Manager must also grant final approval on purchases over \$10,000. Following these three approvals, the Purchase Order is approved and issued.
4. Purchasing prints out a copy of the PO for the Department Head. The Department Head then authorizes the purchase with the selected vendor.
5. Once the product has been delivered or the service complete, the Department Head eventually receives an invoice. The Department Head signs the invoice, attaches the PO, and sends it to Accounts Payable
6. Accounts Payable then issues a check to complete the process.



Purchases Greater than \$25,000

1. The employee requesting the purchase completes a Purchase Order Requisition Form.
2. The employee's Department Head signs off on the requisition form.
3. Depending upon the anticipated purchase price, either the formal or informal bidding process will need to be followed.
4. Department head works with Purchasing to develop the bid packet.
5. The City Manager must approve the bid packet prior to placement on the City Council agenda.
6. The City Council votes to authorize the release of the Request for Proposal/Qualification.
7. After bids are received in accordance with Section II of this policy, the requisition is approved by Purchasing to form and process; the Finance Director approves the requisition to guarantee funds are available in the budget. Following these two approvals, the Purchase Order is approved and issued.
8. Purchasing prints out a copy of the PO for the Department Head. The Department Head then authorizes the purchase with the selected vendor.
9. Once the product has been delivered or the service complete, the Department Head eventually receives an invoice. The Department Head signs the invoice, attaches the PO, and sends it to Accounts Payable
10. Accounts Payable then issues a check to complete the process.

IV. Signature Authority

Each Department Head delegates signature authority for their division. Authorized personnel are then allowed to sign for requisitions and/or receiving reports to the specified amount.

1. Typically, those with signature authority are department heads/supervisors (anyone in charge of a budget) and Administrative Assistants.
2. Department Heads, or any authorized/designated employee with proper signature authority, are required to approve all purchase requests.
3. City Manager must approve amounts of \$10,000 and over.
4. Any purchases of \$50,000 and over require advanced City Council approval.

V. Conflict of Interest

An employee who participates in the selection or approval of products or sources of supply, or who has supervisory responsibility for such employees, may not have a financial interest in the company which furnishes the supplies or services being purchased. This would avoid an unfair competitive advantage and protect the interests of the City. For this reason, employees directly involved in the purchasing process are to refrain from any outside activity or relationship which lessens their impartiality, judgment, or effectiveness.

Disclosure of Relationship to Vendor is Required:

1. In instances of financial interests (e.g., employee's spouse or other immediate relative is an owner or shareholder or an employee of a firm being considered for potential purchase(s);
2. In any situation where there is a potential for an employee to benefit financially from a business transaction conducted by the City.

Employees will complete a Conflict of Interest Form where applicable.

All City employees are to avoid accepting any kind of gratuities, tips, or gifts for himself/herself or for any member of his or her family. This includes merchandise, cash, services, entertainment, and other courtesies. It is essential to both the City and its supplies that all decisions and actions regarding purchasing are based upon proper business considerations and are not influenced in any way by personal obligations. Most offers of this kind are made in the spirit of good business relations without the intent to obligate the recipient in any way. However, it is extremely difficult to differentiate between minor gratuities or courtesies and those which will cause some feeling of obligation or create any unfavorable impression



in the minds of other vendors. Because of this difficulty, employees must refrain from accepting any gratuity regardless of its magnitude or the manner in which it is presented.

Exceptions:

- A. Calendars, desk novelties, or similar advertising items;
- B. Reasonably priced meals accepted in settings where City business is conducted;
- C. Text books, recorded media, software or similar work-related items for which the City is not being charged;

Employees must exercise caution that neither regular gifts of nominal value, nor reasonably priced meals from a particular vendor, do not gradually accumulate into a potential obligation that could constitute a violation of this policy. Under no circumstances shall an employee accept a gratuity where prohibited by law, policy, or regulation or where the appearance of impropriety may occur.

VI. Professional Services

Personal and professional services are exempted from the competitive bidding process, and are procured through the use of Request for Qualification (RFQ) documents. The Purchasing Department is available to consult with departments regarding the preparation of information; however, the presentation of technical and qualifications aspects of personal and/or professional services included in the RFQ documents is the sole responsibility of the requesting department.

Texas Government Code, Chapter 2254, Professional and Consulting Services, states in part that contracts for the procurement of defined professional services may not be awarded on the basis of competitive bids. Instead they must be awarded on the basis:

- 1. Of demonstrated competence and qualification to perform the services;
- 2. For a fair and reasonable price; and
- 3. May not exceed any maximum provided by law.

Professional services for the purposed of Texas Government Code, Chapter 2254, are defined as those services within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing, or provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant, an architect or landscape architect, a land surveyor, a physician, including surgeon, an optometrist, or a professional engineer, a state certified or state licensed real estate appraiser or professional nurse.

VII. Grant Funding

All requests for grants are to be approved by the City Manager and/or City Council prior to submittal to the granting agency. The awarded department is encouraged to contact the City Manager prior to beginning the purchasing process.

VIII. Cooperative Purchasing

Cooperative purchasing occurs when two or more governmental entities coordinate some or all purchasing efforts to gain the best overall value for the entities. Cooperative purchasing can occur through inter-local agreements, state contract, and/or joint purchases. The Purchasing Department will assist departments to determine the best method/cooperative for the purchase.

The bidding requirement in this policy may be waived if an item or service can be procured through a cooperative purchasing organization (e.g. Buyboard, HGAC, DIR, etc.)

IX. General Exemptions

The State Legislature has exempted certain items from sealed bidding in the law.



Emergency Purchases

Valid emergencies are those that occur as a result of an unforeseen breakdown or damage of equipment, a procurement necessary to protect the public's safety, health, and/or procurement made due to a public disaster. When this situation occurs, the department shall contact the Purchasing Department and conduct the procurement of supplies and services in accordance with the City's Purchasing Policy, the City Charter, and the Texas Local Government Code.

Sole Source Purchases

Sole source purchases are items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies as defined by the local government code.

When a department has identified a specific item with unique features or characteristics essential and necessary to the requesting department and no alternative products are available, a detailed written justification must be included with the purchase requisition along with the Department head's approval.

Refer to Texas Local Government Code 252.022 (a) 7 for sole source purchases and 252.022 for a complete listing of General Exemptions.

X. Insurance Requirements

As a rule, the City will require that vendors performing work for the City will provide a copy of their general liability, auto, and worker's compensation insurance policies. Both policies will be a minimum of \$1 million.

XI. Progressive Payments

Departments may request blanket purchase orders for large purchase contracts to last over the course of a year (e.g. bulk chemical purchases). In the necessity of a progressive payment, the City Manager must approve such type of payment. In the event of a contractual obligation where progressive payments have been made, the City Council must authorize final payment and release of retainage.

XII. Definition of Capital Purchases

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

For implementation of GASB 34 requirements for capital assets, the City establishes the following categories and their thresholds.

- Land/land improvements Any amount
- Buildings/building improvements \$25,000
- Facilities and other improvements \$25,000
- Infrastructure \$25,000
- Personal Property \$5,000
- Leasehold improvements \$25,000

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expends incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

In order for other equipment or supplies to be capitalized, another standard is considering the item's useful life. Items that have a life expectancy exceeding the following are considered capital

- Structures and water and sewer system 10 to 50 years
- Infrastructure 10 to 30 years
- Transportation and other equipment 3 to 20 years



APPENDIX E FINANCIAL POLICIES

I. Internal Controls

The City will maintain a system of internal controls to safeguard its assets against loss, prevent fraud and theft, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

The broad definition can be subdivided into two components: accounting and administrative, as follows: Accounting controls comprise the plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of financial records.

Administrative controls comprise the plan of organization and all the methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to financial records.

Objectives

A system of internal controls should provide the City Council and management reasonable, but not absolute, assurance that assets are safeguarded against loss, that transactions are executed in accordance with management's authorization and established policies, and be able to provide reasonable assurance that these objectives have been met:

1. **Recording Transactions.** Transactions are recorded as necessary to permit preparation of financial statements and to maintain accountability for assets.
2. **Access to Assets.** Access to assets and records should be permitted only with management's authorization.
3. **Periodic Independent Verification.** The records should be checked against the assets by someone other than the persons responsible for the records or the assets. Examples of independent verification are monthly bank reconciliations and inventory counts.
4. **Segregation of Duties.** The organizational plan should separate functional responsibilities. In general, when the work of one employee is checked by another, and when the responsibility for custody of assets is separate from the responsibility of maintaining records relating to those assets, then there is appropriate segregation of duties.

Responsibilities

The Finance Department is responsible for designing appropriate controls for the departments and the departments are responsible for implementation. Inherent in these responsibilities is the recognition that the cost of internal controls should not exceed the benefits expected to be derived. Also, internal controls may become inadequate as conditions change, thus requiring review and modification.

Written Procedures

Written procedures shall be maintained by the City Secretary for all functions involving the handling of cash and securities. These procedures shall embrace sound internal control principles.

II. Financial Reporting and Auditing

The purpose of this policy is to keep the City Council apprised of the financial condition of City funds.

The City will prepare monthly financial (general and utility fund revenues and expenditures) reports for the Council to review and transmitted as an Item of Interest that will not require Council approval.

The City will prepare, as part of the requirement in the Investment Policy, a quarterly Cash and Investment Report. This formal presentation will highlight the City's financial position by fund and type of investment.



The City will also prepare monthly sales tax reports for the Council to continually monitor this elastic revenue source. At least two times throughout the fiscal year, the City will request the Confidential Sales Tax Data from the Comptroller's Office and prepare a detailed report to the Council. The purpose of this report is to identify any anomalies in sales tax collections or to identify any trends.

The City shall have an annual audit conducted by an independent certified public accounting firm. The City Council will approve the audit report no less than 8 months after the close of the fiscal year.

III. Expenditures and Accounts Payable

The purpose of this policy is to ensure that the vendors doing business with the City of Center are paid in accordance with the set accounts payable procedures. The City of Center Accounts Payable department personnel will strive to make timely and accurate payments to all vendors.

This policy applies to all departments that will be submitting invoices to the Accounts Payable department for payment.

Any invoice that has been sent to the City of Center for payment will be presented to the Accounts Payable Clerk. All invoices will be paid according to the terms of the vendor, unless it is a local vendor. Invoices from a local vendor are due upon receipt once the applicable accounts payable procedures have been performed. The Accounts Payable Clerk will print checks weekly.

This payment process will include all the invoices that have been processed according to the applicable A/P procedures and are due for payment within the current payment period.

IV. Accounts Receivable

The purpose of this policy is to ensure that the City of Center is invoicing appropriate customers and capturing all of the Accounts Receivable owed to the City. Accounts receivable (A/R) is an asset account reflecting amounts owed to the City from people, firms, and other governmental units. The City of Center will strive to treat all customers consistently through established collection procedures, to ensure the collection of delinquent accounts.

The policy applies to all departments in which an invoice for payment due needs to be sent to a customer. This includes any instance (with the exception of utility billing) where service has been or will be provided. This also includes instances where reimbursement is due to the City for damages to City property or infrastructure.

Any Accounts Receivable invoice that needs to be processed and submitted to a customer for payment will be billed through the Billing Department of the City of Center. All billings will occur monthly -- within 45 days of the service or event. Accommodation will be provided for all items that require an earlier billing cycle.

The City will use proper internal controls in the handling of monies and make timely deposit of monies.

The City will properly and timely record the various receivables and provide for the appropriate collection methods for these receivables.

Collection Policy

The following guidelines will be followed whenever an item has been on the Accounts Receivable aging report for 30 days or over.

30 days -- statement mailed by Billing Department

60 days -- account will be turned over to the Collection Agent in Utility Billing

120 days -- registered letter from Finance Director (demand letter -- 15 days to pay)

150 days -- account will be turned over to the City's legal representative



APPENDIX F CITY ECONOMIC DEVELOPMENT POLICY

Adopted - Resolution 97-7; Ratified/Amended - Resolution 2009-12; Amended - Resolution 2010-28

Section I. Introduction

Whereas it is the policy of The City of Center to be committed to desirable economic development and while a successful economic development depends on a viable working relationship between all aspects of the public and private sectors; the City of Center has opportunities available that enable it to take action in this area.

In addition to keeping the protection of the environment and the aesthetics of the community as high priority, any attempts to stimulate the economy should be relatively assured of eventual positive economic effects on the City of Center's revenue raising capabilities. The City of Center is also committed to the rehabilitation and revitalization of structures and areas of historic or economic importance, such as the downtown square area.

This document gives guidelines and criteria to opportunities that the City will utilize in attempts to assert positive economic development. Nothing herein shall imply or suggest that the City of Center is under obligation to afford these opportunities to any applicant.

All applicants shall be reviewed on a case by case basis. The customized design of a total incentive package is intended to allow maximum flexibility in addressing the unique concerns of each applicant while enabling the City to respond to the changing needs of the community.

Section II. Tax Abatement General Criteria

All applications must meet the following general criteria before being considered for tax abatement:

1. The project expands the local tax base.
2. The project creates or retains permanent full time employment opportunities.
3. The project would not otherwise be developed.
4. The project makes a contribution to enhancing further economic development.
5. The project must remain in good standing to all aesthetic and environmental concerns.
6. The project has not been started and no construction has commenced at the time the application is approved.

The project must not have any of the following objections:

1. There would be substantial adverse affect on the provision of government service or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public safety, health or morals;
4. Planned or potential use of the property would give adverse impacts to adjacent properties; or,
5. Any violation of laws of the United States or the State of Texas or Ordinances of the City of Center would occur.
6. Anyone who has a financial interest in the proposed project must not be delinquent for any taxes owed to the City of Center.
7. Anyone who has a financial interest in the proposed project must not own nor occupy any property within the city limits or extraterritorial jurisdiction of the City of Center that is out of compliance with any public nuisance laws, generally Chapter 30 of Center Code of Ordinances, or the Center Zoning Ordinance, as in effect at time of application.



Section III. Specific Criteria for Projects

Policy A.

If the project in the application meets the General Criteria, is a facility of a desired enterprise as determined by City Council, has a capital cost that exceeds \$2,500,000, and creates at least fifteen (15) new jobs with an annually submitted payroll in excess of \$300,000 during each year the agreement is in effect; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%	Year 5 60%
Year 2 100%	Year 6 40%
Year 3 100%	Year 7 20%
Year 4 80%	Year 8 No Abatement

Policy B.

If the project in the application meets the General Criteria, is a facility of a desired enterprise as determined by City Council, has a capital cost that exceeds \$1,000,000, and creates at least ten (10) new jobs with an annually submitted payroll in excess of \$150,000 during each year the agreement is in effect; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%	Year 3 50%
Year 2 100%	Year 4 No Abatement

Policy C.

If the project is to be in the area of the downtown square area also known as the Main Street Project area (as previously registered with the state Historical Commission), meets the General Criteria, is a desirable project as determined by City Council, and has a capital cost of at least \$100,000; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%	Year 3 50%
Year 2 100%	Year 4 No Abatement

Section IV. Applications for Reinvestment Zones and Tax Abatement.

1. All requests for reinvestment zones and tax abatement in the jurisdiction of the City of Center shall be made by filing a written application in the form of a letter addressed to the City Manager. An application for designation of a reinvestment zone and for tax abatement may be combined and submitted jointly. The application letter should address all criteria questions contained in this policy including a certification of compliance with items listed in Section II and shall include the following unless the City has waived a requirement that it has deemed unnecessary to properly evaluate the request.

- A. A general description of the project including purpose and explanation of the improvements as how the project will meet the criteria established by this document.
- B. A plat showing the precise location of the property, all roadways within 500 feet of the site and land use within 500 feet of the site, (a complete legal description shall be provided if the property is described by metes and bounds.)
- C. A complete estimated cost of the project by "line item" approach.
- D. A description of the methods of financing all estimated costs and the time when related costs or monetary obligations are to be incurred.
- E. Estimated number of employment opportunities the project creates, distinguishing between employees to be use during construction and permanent full time employees remaining after construction is complete; included will be annual pay for each position.
- F. A detailed time schedule for undertaking and completing the project.



2. After reviewing the application, if the City Staff find the application to appear complete and accurate and conforming to the criteria established by this policy, the City Staff will then do or cause to have done a feasibility review/analysis. This review/analysis shall include, but not be limited to, and assessment of the economic effects of the creation of the reinvestment zone and the abatement of taxes.

3. After establishing what the City may offer in a tax abatement agreement, the City will then meet with representatives of each governing body of every taxing unit that the proposed reinvestment zone involves; this is to determine each taxing unit's intentions of entering into a tax abatement. The applicant will be informed the City is to confer with other taxing units about the potential tax abatement agreement prior to any meeting.

4. The City will then inform the applicant of the potential tax abatement agreement, the intentions of the other taxing units on tax abatement agreements, and what other incentives, if any, will be offered for the proposed project. If at this point, the applicant is still considering the project and so wishes, City Staff will then follow procedures in accordance with Texas Tax Code Chapter 3112 (Vernon 1989), as amended, that will establish a reinvestment zone and tax abatement agreement.

Section V. Designation of a Reinvestment Zone

The City Council by ordinance may designate any area as a reinvestment zone. Prior to adopting such an ordinance the City Council must conduct a public hearing on the designation that entitles all interested persons to speak and present evidence for or against the designation. Not later than the seventh day before the date of the hearing, notice of the hearing must be:

1. Published in a newspaper having general circulation in the City.
2. Delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone.

Section VI. Tax Abatement Agreement

The City by resolution may enter into a tax abatement agreement. At least seven days before entering into the agreement, the City will deliver written notice of its intent to each taxing unit that is included in the reinvestment zone. Any agreement will include, but not be limited to, the following specific items:

1. All appropriate stipulations included in the application, as outlined by this document, for a reinvestment zone and tax abatement agreement.
2. The amount and duration of the tax abatement.
3. A method for determining the qualifications of meeting the criteria and a promise to meet and maintain these qualifications over the term of the agreement, the City will be allowed to inspect and audit records to substantiate the meeting of criteria of qualifications.
4. A provision that in the event the agreement is not kept, the tax abatement agreement will be determined null and void and all abated taxes will be paid immediately to the City and all other taxing units participating in the agreement.

An agreement may be terminated by the mutual consent of the parties in the same manner that the agreement was approved and executed.

Section VII. Sales Tax Revenue Sharing

Any request for sales tax revenue sharing shall be present and reviewed by the City Council of the City of Center to determine eligibility, conformity to general guidelines, and determination of achieving desired results in the best interest of the City for each particular applicant under the general conditions, guidelines and definitions within this policy.



A. Development Criteria and Qualifications

To qualify for consideration the following minimum criteria have to be anticipated to be accomplished by the development project:

1. No construction shall have been initiated at time of application or prior to approval.
2. The project will comply with all current environmental and construction code standards of any and all governmental authorities including the City of Center.
3. The project shall be determined by Council to be servicing a regional (multiple counties) market and not solely a local, retail enterprise. Generally, this should mean the applicant should not currently operate or develop any locations within a forty mile radius of Center upon application or during the term of any incentive agreement.
4. Any request should involve the creation of at least ten (10) new full-time jobs, increase of at least \$1,000,000 in ad valorem property tax value and generate an additional \$5,000,000 in annual taxable sales.

B. Incentive & Guidelines

If the Council approves and accepts the application and determines the standards in subsection A above are met, then the following guidelines shall be used to develop a revenue sharing agreement:

1. If the minimum job creation, property tax and/or taxable sales are met, the applicant shall be eligible for $\frac{1}{2}$ cent of sales tax revenue earned by the company for a period of five (5) years. If those minimum levels are maintained or exceeded during the initial five (5) years, then the agreement may be extended for an additional three (3) year period.
2. If any of the criteria in subsection A are substantially exceeded, then the applicant may be approved for up to $\frac{3}{4}$ cent of sales tax revenue earned by the company for a maximum period of ten (10) years.
3. Based upon projected growth and contingent to annually submitted milestones, the Council may approve an agreement with escalating qualifications and corresponding increases in percentage or duration of revenue sharing.

C. Reporting and Compliance

Annual reports shall be required under any agreement for sales tax revenue sharing. The annual report shall document yearly sales volume, total taxable sales, and sales taxes remitted to and verified by the State Comptroller. The report shall also document compliance with each criteria from subsection A and B above, including certified copies of 941 Quarterly Payroll Tax Reports.

Should the applicant fail to satisfy any terms of the agreement or minimum standards in this policy, the sales tax revenue sharing agreement shall become null and void.

Section VIII. Other Incentives

The City Council may consider other economic development incentives as necessary to promote or secure a targeted enterprise. Incentive packages may be coordinated with the City of Center Economic Development Corporation, the City of Center Street Improvements for Economic Development Corporation, the Shelby County Chamber of Commerce or other similar groups. A financial analysis of any incentive offering must be undertaken prior to approval of that offering by the City Council. Analysis will be based on the comparison of direct costs and revenues. Benefit analysis based in economic multipliers and secondary impacts will not be considered.



APPENDIX G ECONOMIC CORRECTION POLICY

In the event that the City experiences an unforeseen economic correction or adjustment, the City will put the following procedures in place to manage such a situation. These procedures will apply to a mid-year correction where the City needs to react quickly or in the budget planning process. These steps are meant to be progressive, where the least disruptive steps will be taken before drastic measures are adopted.

This policy also seeks to provide guidance to the Citizens, City Council, and staff members as to when certain steps might be taken. It will be the City Manager's discretion when the different measures will be implemented.

The City Finance Director will constantly monitor business and economic conditions that would indicate a possible situation and make the City Manager and the City Council aware of revenue implications.

The percentage amounts that trigger reviews are subject to change and can be modified at any time. Any steps can be progressed as rapidly as management deems necessary.

Short Term Adjustments

Fund balance resources above the 30% optimum level may be used to meet short-term financial needs.

Sales tax drop of	General fund revenue drop of	Utility fund revenue drop of	Measure	Action Initiated by:
2%	1%	2%	Situational awareness	Monthly Financial Reports
5%	5%	5%	Manage vacant positions. Vacant positions can either have a hiring delay or re-evaluation to determine necessity. Defer capital or discretionary purchases. Capital purchases can be evaluated to determine if expenditures of non-bond fund related funds are necessary and urgent. Capital purchases will be examined based on cost, potential long-term savings, service enhancements, or increased operational cost. Those capital purchases that will not negatively impact the City's fund balance, provide operational efficiencies, or result in net cost savings, may be approved to proceed. Those purchases or projects that will be a drain on City resources, provide non-essential service enhancements, or result in increased operational costs will be scrutinized.	City Manager
10%	10%	10%	Reduce expenditure. The third step in this policy is for departments to review budgets and seek ways to trim operational expenditures. Some examples include, but are not limited to: reductions in	City Manager with possible Council approval



			training and travel, office supplies, fuel, etc.	
10%		10%	Increase transfers. If one fund is not as adversely affected beyond another, then that fund (e.g. utility fund) can either expedite the annual transfer amount or increase the transfer amount. This may or may not be done as a receivable.	City Manager
Long Term Organizational Adjustments				
Fund balance resources above the 25% minimum level may be used to meet select financial needs.				
15%	15%	15%	Hiring freezes. The fourth step in this policy is to place a total freeze on hiring for any new or replacement non-essential open position. Essential positions include those in the police and fire departments, water production, and sewer treatment.	City Council
			Adjust or expand fees. Examine all rates and fees at its' discretion and which can be raised to generate sufficient revenue. This can include, not limited to: water and sewer rates, garbage rates, recreation fee rates, and municipal court fines and fees. Explore the feasibility of creating new fees to ensure continued City operations. Some possibilities include and are not limited to: monthly street, fire protection, and park assessments. These would be adopted by Council by ordinance and then added to each utility customer account.	City Council
18%	18%	18%	Service level adjustments. The Council could consider the measure of adjusting City service levels to reduce costs, up to and including the elimination of services either temporarily or permanently. Use of fund balance below 25% minimum level. Per the City's policy, fund balance can be used to help the City through a crisis, and once over, the fund balance is to be replenished. At this point fund balance resources would be allowed below the 25% minimum.	City Council
			Temporary reduction in pay. Temporarily reduce workforce pay amounts. Reduction in force/furloughs. As a final option, the City may require a reduction in force/layoffs. This is the least desirable alternative for the City to adopt and must be done only when all other alternatives have been employed. Early retirement eligible or evaluate positions for potential layoffs. If the City engages in layoffs, it will follow established procedures from the personnel manual.	City Council
20%	20%	20%		City Council



APPENDIX H FUND TRANSFER POLICY

In order to maintain the solvency and liquidity of each fund, this policy is meant to place limitations on the percentage of a fund's annual budget that can be transferred to another fund.

It is the policy of the City Council that no fund will be unduly burdened by transfers. That would, in effect, become a form of taxation and could potentially lead to the neglect of critical systems, programs, or infrastructure. The policy limitations are set forth below.

Utility Fund

The Utility Fund makes three types of transfers: one to the Debt Fund to pay principal and interest expenses relating to the Utility Fund debt instruments, a franchise fee to the General Fund, and an administrative transfer. These last two transfers are meant to reimburse the General Fund for administrative costs for the management and operation of the Utility Fund. The transfer to the Debt Fund amount is to be the annual debt payment amount plus any associated fees. The amount of franchise fee is calculated as a percentage (3%) of the monthly Utility Fund revenue. And the administrative transfer amount is determined annually based on the assigned costs of administrative functions. The amount of transfer from the Utility Fund to the Debt Fund is capped at 20% of revenues, as expressed in the Debt Policy section. The total amount of the other two transfers is also not to exceed 20% of revenues. Therefore, the Utility Fund shall not transfer an amount greater than 40% of its revenues in a given year.

Solid Waste

The Solid Waste Fund also makes two administrative transfers to the General Fund. One is a 10% franchise fee that is meant to cover a portion of the administration and management of the Solid Waste Fund. The other is a transfer that goes to the General Fund to offset street maintenance costs. The Solid Waste Fund only pays for the solid waste collection contract and minor miscellaneous costs. The total amount of the two transfers are not to exceed 25% of total revenues.

Hotel Occupancy Tax

The Hotel Occupancy Tax revenues collected by the City are deposited into a separate fund. A portion of these funds are transferred to the Debt Fund to pay the debt instrument that funded the construction of the Windham Civic Center. Another portion of these funds are transferred to the General Fund to offset costs associated with the maintenance and operation of the Civic Center and Community House. Until such a time that the debt instrument is retired, the Hotel Occupancy Tax shall not transfer an amount greater than 55% for debt payments and 35% for operations for a total of 90%.

4A and 4B EDC's

The City collects both a Type A (4A) and a Type B (4B) economic development sales tax. Both these entities use existing City staff to manage their operations. The 4A EDC shall not transfer an amount greater than 20% of annual revenues to the City and the 4B shall not transfer an amount greater than 5% of annual revenues. This amount assumes that the City and EDC's maintain the current management structure and operational levels. The City and EDC's can reevaluate this policy if operational activity changes.



BUDGET GLOSSARY

Account number: A code made up of numbers used to classify how specific dollar amount are categorized as revenue or expenditures. Typically, similar revenues or expenditures are classified into the same account

Accounting system: The methods and records established to identify, assemble, analyze, classify, record and report the City's transactions and to maintain accountability for the related assets and liabilities.

Accounts payable: A short term (one year or less) liability reflecting amounts owed for goods and services received by the City.

Accounts receivable: An asset reflecting amounts due from other entities for goods and services provided by the City.

Accrual accounting: A system of accounting in which revenues and expenses are recorded at the time they occur, rather than the time cash is received or expensed by the City.

Ad Valorem taxes: Also known as property taxes, the taxes levied on all real and certain personal property according to the assessed value of the property and the established tax rate.

Appropriation: An authorization made by the City Council which permits the City staff to make expenditures and incur financial obligations.

Arbitrage: Earnings from investment of bond proceeds before refunding of a callable debt instrument or construction expenditures or coordinated purchase and sale of bonds for reduction in bond payments over time from lowering interest rate on principal amounts.

Asset: The resources and property of the City that can be used or applied to cover liabilities.

Audit: An examination of the City's financial accounts and records. The City is required by law to have an audit completed each year by an independent certified public accountant.

Balanced Budget: A situation in financial planning or the budgeting process where total revenues are greater than or equal to total expenses. This is meant to extend to structural balance, which excludes or minimizes the use of one-time revenues to balance the budget. A structurally balanced budget is one that supports financial sustainability over time.

Bond: A written promise to pay a specified amount of money (the principal) at a specified date or dates in time (maturity dates) and carrying interest at a specified rate. The most common form of bonds are general obligation bonds and certificates of obligation. Bonds are usually used to fund large construction projects that have a long life span and/or are too expensive for the City to pay for with cash. Some examples are public buildings, water and sewer infrastructure, and streets.

Bonded debt: The portion of indebtedness represented by unpaid bonds. Or, the amount of principal on all bonds issued by the City.

Budget: A financial plan for a specified period of time (the fiscal year for the City) that includes an estimate of proposed revenues, and estimate of anticipated expenditures, and an analysis of the undedicated fund balance.



Capital Improvements: Expenditures for the construction, purchase or renovation of City facilities or property, usually those projects which have a lifespan of greater than five to seven years.

Capital outlay: Expenditures resulting in the acquisition of or addition to the City's fixed assets.

Cash: Currency on hand and demand deposits with banks and other financial institutions.

Cash basis: A method of accounting in which transactions are recorded when cash is received or disbursed.

Certificates of Obligation (CO): A form of bond used to finance capital improvement projects or purchases. CO's are backed by the full faith and credit of the government issuing them. CO's can be issued by a vote of the City Council and are not necessarily voter approved.

Current taxes: Taxes that are levied and due within the ensuing fiscal year.

Debt service fund: A fund established to account for funds needed to make principal and interest payments on outstanding bonds.

Debt service requirements: The amount of money required to pay interest and principal on outstanding bonds. Sometimes the bond covenants (terms of the bond) may require special requirements such as cash reserves in the debt service fund.

Delinquent taxes – Property taxes remaining unpaid after the due date. Delinquent taxes incur penalties and interest at rates specified by law.

Department – A functional group of the City with related activities aimed at accomplishing a major City service or program.

Depreciation: The proration of the cost of a fixed asset over the estimated service life of the asset. Each period is charged with a portion of such cost, and through this process, the entire cost of the asset is ultimately charged off as an expense.

Effective tax rate: The rate that produces the same amount of property tax revenues compared to the prior year. Based on the total property valuation for the City and how much property tax was levied, the rate is determined by the laws of the State of Texas.

Encumbrance: The commitment of appropriated funds to purchase an item or service. Once an encumbrance is made, a purchase order is issued for the expenditure.

Enterprise fund: See proprietary fund.

Expense: Charges incurred, whether paid or unpaid, for operation, maintenance, interest and other charges which are made within the current fiscal year.

Equity: The difference between assets and liabilities of the fund.

Fiscal year (period): The time period designated by the City signifying the beginning and ending period for recording of financial transactions of the City. The City of Center's fiscal year begins on October 1 of each year and ends on September 30 of the following year.

Fixed assets: Assets of a long term character which are intended to be held or used, such as land, buildings, machinery, furniture and equipment.



Fund: A separate fiscal and accounting entity with their own resources and budgets necessary to carry out specific duties or programs to accomplish certain objectives.

Fund balance: The difference between fund assets and fund liabilities of government and trust funds. Fund balance for general fund usually equates to available cash. In essence, it is the City's cash reserve.

General fund: The largest fund within the City. It accounts for all resources except those that are required to be in a special fund. The general fund contains the activities commonly associated with municipal government, such as police, fire, streets, and parks.

General Obligation (GO) bonds: Bonds that finance a variety of public capital improvement projects. The repayment of these bonds are typically pledged against property tax revenues. They are backed by the full faith and credit of the City. Voters must approve the issuance of general obligation bonds through a special called bond election.

Governmental Fund: Grouping used in accounting for tax-supported activities of the City.

Grant: Contributions or gifts of cash or other assets from another government to be used for a specific purpose, activity, or facility.

Infrastructure: Long term capital assets that normally are stationary in nature (fixed as compared to rolling stock) and can be preserved for a great number of years. Examples include water and sewer lines, roads, bridges, buildings, etc.

Inter-fund transfers: An amount of money transferred from one fund to another fund. For example, transferring money from the utility enterprise fund to the general fund.

Intergovernmental revenue: Revenues received from another governmental entity, such as county, state or federal governments.

Machinery and equipment: Property that does not lose its identify when removed from its location and is not changed materially or consumed immediately by use.

Maintenance: The act of keeping assets in a state of good repair. It includes preventative maintenance, normal periodic repairs, part replacement and so forth so that it continues to provide normal service.

Mission: The basic purpose of a department, the reason for its existence, what the department aims to accomplish.

Operating budget: Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing activities of the City are controlled.

Operating expense: Proprietary fund expenses related directly to the Fund's primary activities.

Operating income: The excess of proprietary fund operating revenues over operating expenses.

Operating revenues: Proprietary fund revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.

Ordinance: A formal legislative enactment by the Center City Council.



Principal: The face value of a bond, payable on stated dates of maturity.

Property taxes: See Ad Valorem taxes.

Proprietary fund: Also referred to as an Enterprise Fund. An accounting fund in which the business-like services provided, such as water and sewer, are financed and operated similar to those of a private business. The intent is costs of providing these services be recovered through user charges.

Refunding: The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (advanced refunding).

Resolution: A special or temporary order of the Center City Council. Requires less formality than an ordinance and does not carry with it the force of law.

Revenue bonds: Bonds whose principal and interest are payable exclusively from earnings of a proprietary fund.

Special revenue fund: Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Taxable value: The assessed value of property less any exemptions available on that specific property. The tax rate is applied to the taxable value to calculate a total tax levy.

Tax base: The total taxable value of all real and personal property in the City as of January 1 of each year as certified by the Shelby Central Appraisal District, less any exemptions.

Tax levy: The resulting product when the tax rate per one hundred dollars is multiplied by the tax base.

Tax rate: The amount of tax levied for each \$100 of taxable value.

Texas Municipal League (TML): The Texas Municipal League is a voluntary coalition of Texas municipalities created for the purpose of furthering and enhancing causes of mutual interest to Texas cities. The League offers educational and training opportunities, legislative activities and legal advisement to its members. Additionally, the League has intergovernmental risk pools that offer insurance coverage.

Texas Municipal Retirement System (TMRS): The Texas Municipal Retirement System provides retirement plans to its member cities. Each city selects its own plan and its contributions are computed on each individual city's plan and actuarial information.

User charges: The payment of a fee for direct receipt of a public service by the party benefiting from the service, such as water and sewer fees.



Acronyms Used in the Budget Document

A/R	Account Receivable
ARPA	American Rescue Plan Act of 2021 (see also CLFRF)
AWOS	Automated Weather Observing System
BVP	Bulletproof Vest Partnership
CATE	Career and Technical Education
CCN	Certificate of Convenience and Necessity
CFE	Certified Fraud Examiner
CIP	Capital Improvement Plans
CJD	Criminal Justice Division
CLFRF	Coronavirus Local Fiscal Recovery Fund - State of Texas
CO	Certificate of Obligations
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CFVD	Center Volunteer Fire Department
DIR	Department of Information Resources
DOJ	Department of Justice
EDC	Economic Development Corporation
ETJ	Extra Territorial Jurisdiction
FEMA	Federal Emergency Management Administration
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GO	General Obligations
HGAC	Houston- Galveston Area Council
HIF	Housing Infrastructure Fund
HOME	Home Investment Partnerships (CPD program)
I&S	Interest & Sinking
ISO	Insurance Services Office
JAG	Justice Assistance Grant
LGC	Local Government Corporations
LPV	Localized Performance with Vertical Guidance
M&O	Maintenance & Operation
PEG	Public, Education, & Government
PILOT	Payment in Lieu of Taxes
PPE	Personal protective Equipment
RAMP	Routine Airport Maintenance Program



RFB	Request For Bid
RFP	Request For Proposals
RFQ	Request For Quotations.
ROW	Right Of Way
SCAD	Shelby County Appraisal District
SCADA	Supervisory Control and Data Acquisition
STEP	State Trade Expansion Program
SUP	Specific Use Permit
TCDP	Texas Community Development Program
TCEQ	Texas Commission on Environmental Quality
TDA	Texas Department of Agriculture
TIF	Tax Increment Financing
TIRZ	Tax Increment Reinvestment Zone
TML	Texas Municipal League
TMRS	Texas Municipal Retirement System
TPWD	Texas Parks and Wildlife Department
TWDB	Texas Water Development Board
TXDOT	Texas Department of Transportation
WAAS	Wide Area Augmentation System
WAM	Weighted Average Maturity
WSC	Water Supply Corporation
WWTP	Wastewater Treatment Plant